

CALIFORNIA ENERGY COMMISSION  
2005 INTEGRATED ENERGY POLICY REPORT COMMITTEE  
WORKSHOP ON  
PETROLEUM INFRASTRUCTURE  
ENVIRONMENTAL PERFORMANCE REPORT

In the Matter of:                    )  
  )  
Preparation of the 2005            )  
Integrated Energy Policy    ) Docket No. 04-IEP-1A  
Report (Energy Report)        )  
  )  
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CALIFORNIA ENERGY COMMISSION  
1516 NINTH STREET  
SACRAMENTO, CALIFORNIA 95814

FRIDAY, DECEMBER 17, 2004

9:00 A.M.

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COMMISSIONERS PRESENT

John L. Geesman, Commissioner/Presiding Member,  
Integrated Energy Policy Report Committee

James D. Boyd, Commissioner/Associate Member,  
Integrated Energy Policy Report Committee and  
Presiding Member, Transportation Fuels Committee

Jackalyne Pfannenstiel, Commissioner/Associate  
Member, Transportation Fuels Committee

CEC STAFF PRESENT

Richard K. Buell, Senior Project Manager

Mike Smith, Staff Advisor to Commissioner Boyd

PUBLIC COMMENT

Denny Larson, Director  
National Refinery Reform Campaign (via telephone)

Michael R. Barr, Special Counsel  
Western States Petroleum Association (WSPA)  
Pillsbury Winthrop LLP

Steve Hill, Air Quality Engineering Manager  
Bay Area Air Quality Management District

Mohsen Nazemi, P.E., Asst. Deputy Executive  
Officer, Engineering and Compliance  
Economic Development/Business Retention  
South Coast Air Quality Management District

Erik White, Manager  
Engineering Evaluation Section  
Stationary Source Division  
Air Resources Board

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## P R O C E E D I N G S

PRESIDING COMMISSION GEESMAN: This is a workshop of the Commission's Integrated Energy Policy Report Committee. I'm John Geesman, the presiding member of that committee. To my left is Commissioner Jim Boyd, who is the associate member of that committee and the presiding member of our Transportation Fuels Committee, and to my right is Commissioner Jackie Pfannenstiel, who is the associate member of our Transportation Fuels Committee. To Commissioner Boyd's left is his Staff Advisor Mike Smith.

This is probably the toughest problem, in my judgment, that we deal with, our petroleum infrastructure. It is an area where the state has I think the most widely dispersed and in some ways widely confused set of authorities jurisdictionally. A lot of different agencies are involved, and much of that jurisdiction is enjoyed by local agencies. We have found as we have addressed petroleum infrastructure problems over the year it is probably the topic where the positions are the most entrenched and, if you can believe it, subject to some of the most wild rhetoric, compared to the dispassionate rhetoric

1       that goes with our other energy challenges.

2               Our task is to bring some light to these  
3       questions and much of the way in which the public  
4       interacts with this particular sector is its  
5       environmental ramifications. That is the primary  
6       topic of today's workshop, and we probably ought  
7       to get underway with it.

8               Commissioner Boyd.

9               ASSOCIATE MEMBER COMMISSIONER BOYD:

10      Thank you, Commissioner Geesman. I don't have  
11      much of anything to add to what you said. This is  
12      just an extension of the in-depth work that the  
13      staff of this agency has done for years on the  
14      environmental impacts of the electricity sector.  
15      The legislature, in asking for an integrated  
16      energy policy report on all energy areas, provided  
17      license and a request to this agency to look at  
18      environmental performance as it relates to all  
19      energy areas and that's what this is about.

20              So I agree with you, move on to the  
21      subject of the day.

22              PRESIDING MEMBER COMMISSIONER GEESMAN:

23      Commissioner Pfannenstiel.

24              COMMISSIONER PFANNENSTIEL: No comment,  
25      thank you.

1 PRESIDING MEMBER COMMISSIONER GEESMAN:

2 Rick, it's all yours.

3 SENIOR PROJECT MANAGER BUELL: Okay. My  
4 name is Rick Buell. I am the project manager for  
5 this project, the Petroleum Infrastructure  
6 Environmental Performance Report. You can call me  
7 anytime if you want additional information. I  
8 will have a slide here that will show contact  
9 information where you can docket information on  
10 this project.

11 I see that the South Coast has arrived,  
12 so I assume the airports are open this morning. I  
13 was worried that we wouldn't have everyone here  
14 because of the fog this morning, but it looks like  
15 we have at least Mohsen Nazemi from the South  
16 Coast Air Quality Management District.

17 With that, I'd like to begin our  
18 presentation today. I would remind people that if  
19 you'd like to participate in the workshop via  
20 conference call we have a call-in number. It's  
21 800-857-2747 and the pass code is Rick Buell.

22 With that, I'd like to explain why the  
23 Energy Commission is conducting this analysis.  
24 The Public Resources Code requires the Integrated  
25 Energy Policy Report to contain an overview of

1 public health and environmental effects from our  
2 trends from the transportation sector. This has  
3 been a requirement since the legislation was  
4 initially enacted. We didn't do it in the last  
5 IEPR, we should have done it in the last IEPR, so  
6 we're behind the 8-ball here. We're a little bit  
7 late getting started in this, but it is still a  
8 very important topic. It's something that we need  
9 to do to prepare a baseline of environmental  
10 trends on which energy and environmental policies  
11 may be addressed at the governor's office as well  
12 as in the legislature.

13 We have a number of objectives that  
14 we're trying to accomplish in the environmental  
15 performance report. One is we'd like to describe  
16 the changes that have occurred in the petroleum  
17 industry since 1985. We've chosen 1985 primarily  
18 because it's a year that we think we have  
19 petroleum data that we could use as a baseline to  
20 describe what the industry was producing, where  
21 the oil was coming from to supply the California  
22 market. So it's kind of an arbitrary date. If we  
23 could, we'd like to go back farther but we may not  
24 be able to.

25 One of the other things I want to

1 identify is that not all environmental attributes  
2 are going to be able to hit that same start point,  
3 because the data is not necessarily available in  
4 1985 on air emission inventories, for example, or  
5 it may not be available for data on demographics  
6 and population. Those were done in years  
7 divisible by ten.

8 What we'd like to do is identify the  
9 environmental and public health trends associated  
10 with those industrial changes in the industry;  
11 describe anticipated changes, what do we expect to  
12 happen in the next five, ten years in petroleum  
13 production in California: Are we going to be  
14 importing more oil? Where is that likely to come  
15 from? What do we need to plan for in terms of  
16 environmental trends? What do the local  
17 governments need, what information do they need in  
18 order to do a better job in planning for those  
19 increases in petroleum imports to the state of  
20 California?

21 The last thing that we'd like to  
22 accomplish in this is, of course, to identify  
23 additional work that needs to be done in this  
24 area, to identify policy recommendations that we  
25 may want to forward to the governor and to the



1 legislature regarding energy and environmental  
2 policies.

3 We intend to address in this report four  
4 sectors of the petroleum infrastructure: that's  
5 marine terminals, refineries, storage terminals  
6 and pipelines. In this report we probably will  
7 not identify in any great detail any analysis of  
8 oil field development or ongoing operations at oil  
9 fields or retail distribution. These are areas  
10 that likely have significant environment effects  
11 also, but as far as future development in  
12 California, the first areas that I identified are  
13 probably the most likely to need our immediate  
14 attention.

15 We do intend to try to update this  
16 report biannually and in the next cycle, in the  
17 2007 IEPR we would address these other areas that  
18 aren't being addressed now.

19 Petroleum infrastructure facilities are  
20 located throughout the state of California. This  
21 map shows some of the refineries. It is very  
22 small, it's difficult to see all of the detail  
23 that's on this. The red lines are major pipelines  
24 for either moving crude oil or product within the  
25 state. A more detailed look at the Bay Area shows

1       that there are a number of major refineries in the  
2       Bay Area and the pipelines associated with those.  
3       Likewise, we have a map of the Southern California  
4       area that shows the various pipelines and a very  
5       dense network of pipelines in the Long Beach  
6       Harbor area that supplies the various refineries  
7       and products throughout the Southern California  
8       region.

9               We're trying to answer, again, some key  
10       questions in this environmental performance  
11       report, and that is regarding the characteristics  
12       of the environmental infrastructure from 1985 to  
13       2003. Again, these dates were picked arbitrarily,  
14       I'm hoping that we have data that we can provide  
15       environmental attributes for those years and we  
16       chose 2003 primarily because it's a year that I  
17       suspect that we'll be able to have data for. A  
18       lot of agencies have collected data for 2004, but  
19       that data is not available at this time.

20              We also are trying to assess the  
21       historical trends in public health and safety  
22       attributes, how they've changed: Are we  
23       improving? Are things getting worse? Where are  
24       the problems, where are the hot spots? What do we  
25       need to deal with as a state?

1           We are also looking at how various  
2 trends in the petroleum industry may affect  
3 environmental and safety attributes. For example,  
4 will importing increased quantities of petroleum  
5 and refined products to existing or expanded  
6 marine terminals have an effect and what are those  
7 effects? Transporting increased quantities of  
8 refined products in pipelines, what are the  
9 effects or that, or building new pipelines? These  
10 are issues that many local agencies will need to  
11 deal with.

12           Storing increased quantities of  
13 petroleum. Throughout the state there are a  
14 number of terminals that you saw in there that are  
15 distribution terminals for products. What is the  
16 result of increasing those? What are the impacts  
17 or effects, if you will, of increased storage  
18 terminals?

19           One of the things that the industry is  
20 trying to accomplish annually is to try to  
21 increase the efficiency of their operations and  
22 also to expand their ability to process petroleum  
23 products and produce products. So what are the  
24 effects of increasing operations or expanding  
25 operations at existing refineries is another area

1       that we'd like to address in this report.

2               Additional questions that we're trying  
3       to answer are what challenges do the environmental  
4       trends present to future development and petroleum  
5       industry? What information do local governments  
6       and agencies need to do a better job in planning  
7       for the environmental trends? What policy  
8       recommendations should the Commission make to the  
9       legislature and to the governor as a result of  
10      this analysis, and also other analysis that we're  
11      conducting in the petroleum sector?

12              Our intent is not to provide detailed  
13      analysis of individual refinery facilities. We're  
14      not going to be looking at the effects of the  
15      Wilmington Refinery on local populations; that's a  
16      job for the locals to deal with. Our job is to  
17      try to provide a footprint, if you will, of what  
18      these facilities look like in both Northern and  
19      Southern California. We would like to expand this  
20      to as many areas as we can without having to  
21      disaggregate the data to the point of talking  
22      about single facilities, so we'd like to do  
23      Northern California, which is primarily the Bay  
24      Area, Southern California, which is primarily the  
25      Los Angeles area, Central Coast areas, and also

1 the San Joaquin area. Well, some of those areas  
2 are very specific, so we'll have to be careful how  
3 we aggregate this data.

4 The environmental areas that we intend  
5 to address in this environmental report are air  
6 quality, including global climate change  
7 emissions. We're not looking at the whole  
8 spectrum of climate change. There is another  
9 report that the Energy Commission is working on as  
10 part of this integrated energy policy report that  
11 will deal with climate change issues more  
12 directly; this is simply looking at what the  
13 emissions are from refining operations and storage  
14 and marine terminal operations.

15 We will also be looking at biological  
16 resources, environmental justice, land use, public  
17 health and toxic air pollutants. I wanted to  
18 point out that our division of air quality may be  
19 different than some local agencies the Air  
20 Resources Board uses. When we talk about air  
21 quality, we generally talk about criteria  
22 pollutants. And non-criteria pollutants are  
23 pollutants for which an ambient air quality  
24 standard has not been adopted at this time.  
25 Criteria pollutants are pollutants for which they

1 have been adopted. I'll talk a little bit more  
2 about that later. We will also look at safety,  
3 hazardous materials management issues, waste  
4 management and toxic site cleanup, water quality  
5 and supply.

6 This is a list that I'm showing on the  
7 screen of the criteria pollutants that we intend  
8 to provide or at least attempt to provide data on.  
9 That would include sulfur dioxide, nitrogen  
10 dioxide, ozone precursors which would include  
11 sulfur dioxide -- I think that's incorrect --  
12 nitrogen oxides, reactive organic gases and  
13 volatile organic gases; particulate matter, both  
14 at 2.5 microns and also at 10 microns; carbon  
15 monoxide, for which there is an ambient air  
16 quality standard; sulfates, hydrogen sulfide,  
17 vinyl chloride and ammonia. These are basically  
18 all of the pollutants for which there is an  
19 ambient air quality standard. There is also a  
20 standard for lead, but that is not a major  
21 emission at this time from the industry so we will  
22 probably not address that in this unless we find  
23 data to the contrary.

24 In biological resources we are going to  
25 be looking at refineries and how the refinery

1 operations have affected habitat that is in the  
2 vicinity of the existing oil refineries. We'll  
3 also look at crude oil pipelines and how  
4 construction and operation of these have affected  
5 biological resources, particularly looking at  
6 spills and also at construction and how  
7 construction operations have affected biological  
8 resources.

9 Marine terminals is an area that has a  
10 lot of potential environment impacts, not only  
11 from spills but dredging operations. That's  
12 another area that we would hope to provide data  
13 on. We will also be looking at cleanup options  
14 for oil spills: how effective have they been,  
15 what are the residual effects of having oil spills  
16 on biological resources?

17 Environmental justice: What we'd like  
18 to do is present a background to identify what the  
19 population and demographics are around refineries,  
20 and we would probably be looking at the 1980, 1990  
21 and 2000 census to describe what those  
22 demographics are. The object here is to identify  
23 a baseline where we can look at the effects on  
24 minority populations, low-income and minority  
25 populations. We also want to work with local

1 governments and local environmental groups to  
2 identify what their concerns are, not just from  
3 air quality and public health concerns but also  
4 traffic, noise, all the other concerns that they  
5 have, accidental releases and so forth, to get a  
6 better understanding of what their concerns are  
7 and how they feel they're being affected by  
8 petroleum development in their areas.

9 We would also like to look at community  
10 benefit programs, how effective they've been, what  
11 can we learn from those, where should we be going  
12 in the next steps.

13 PRESIDING MEMBER COMMISSIONER GEESMAN:

14 Rick, on that topic, the R&D committee yesterday  
15 approved PIER Program financing for a fairly  
16 substantial research project conducted with the  
17 ARB and the South Coast Air Quality Management  
18 District, the Bay Area District. It's a multi-  
19 year project but it might be wise to try and track  
20 that pretty closely in this report cycle and see  
21 if there aren't some near-term results or  
22 deliverable items that we could showcase in this  
23 report. The expectation is that the effort will  
24 indeed try and move the state of analysis  
25 substantially up the curve in environmental



1 justice research, and I think that this would be a  
2 good forum to look at that on an ongoing basis.

3 SENIOR PROJECT MANAGER BUELL: Thank  
4 you, that's a good observation. As I think I  
5 indicated earlier, there are a number of cross-  
6 areas that this report is interrelated to, other  
7 reports that the Energy Commission is in the  
8 process of doing. One aspect that we need to keep  
9 up with is how the PIER Program, what they're  
10 doing and what we can learn from that process.

11 With that, I would move on to the next  
12 slide. Land use: Land use conflicts and exposure  
13 to accidents and environmental pollutants will  
14 occur more often as competing land uses encroach  
15 upon existing petroleum facilities. We see, based  
16 upon some of our earlier discussions earlier this  
17 year, that there are a number of pressures on  
18 local governments to use valuable land that may be  
19 shoreline property and, of course, they're next  
20 door to refineries and so there are potential  
21 conflicts on that expansion and how local  
22 communities may respond to that need for  
23 additional development in their area.

24 The Commission would like to work with  
25 local governments and the petroleum industry to

1 identify existing land use conflicts, to identify  
2 the prospects for future expansions of the  
3 petroleum industry as well as the communities  
4 around facilities so they have a better  
5 understanding of what effects or what planning  
6 needs to be taken care of to address those issues.

7 PRESIDING MEMBER COMMISSIONER GEESMAN:

8 I guess I'd add on that one that there are a  
9 finite number of local land use jurisdictions  
10 around these facilities, and I think that we would  
11 be well served by taking an exhaustive approach to  
12 dealing with each of those jurisdictional entities  
13 and showcasing that effort in the report as well.

14 SENIOR PROJECT MANAGER BUELL: Okay.

15 Public health and toxic air pollutants: We will  
16 look at the toxic emissions as identified in  
17 Assembly Bill 2588, which is the Toxic Hot Spots  
18 Act, try to report on those emissions. We hope to  
19 work with agencies and also WSPA to gain access to  
20 information that they may have that's pertinent to  
21 this topic.

22 Safety/hazardous materials management:

23 Our intent is not to provide an analysis of  
24 specific refineries but to describe industry  
25 trends; i.e., what has happened in terms of the

1 rate of accidents, how is that affecting not just  
2 workers but the public at large. This is an  
3 interesting area and there is a lot of debate  
4 ongoing in this area about accidental releases and  
5 emissions from accidental releases. We hope to  
6 work with the local agencies in trying to identify  
7 what those effects might be.

8 Waste management and toxic site coming  
9 up: We would like to provide trends on how to  
10 reduce waste production from petroleum facilities,  
11 pipelines, marine facilities, etc. Our primary  
12 focus will be on refineries, however, because they  
13 are the largest potential source. Staff intends  
14 to use a year baseline date of 1985; again, this  
15 may change depending on the availability of data.  
16 Staff will not provide an analysis of specific  
17 petroleum facilities, again, but will look at  
18 various waste categories and production and report  
19 those for both Northern and Southern California  
20 and other areas as they might be available.

21 Water quality and supply: Staff will  
22 look at water consumption in refineries,  
23 primarily, looking primarily at refineries'  
24 wastewater disposal issues, stormwater  
25 contamination issues. Water issues also

1 associated with dredging operations would likely  
2 be addressed as part of the work that I had  
3 mentioned earlier for biological resources.

4 I want to encourage all of the agencies  
5 that are present here today as well as WSPA and  
6 various industry representatives that we are  
7 dependent upon you to provide analysis data for  
8 this project, that you are the ones that have that  
9 data and we are very sensitive to how we present  
10 that data, that we present it in a correct manner  
11 to address your concerns. So I hope to be working  
12 with you at the various agencies and WSPA to  
13 identify how we do that best, how we aggregate  
14 data to best reflect the trends to identify not  
15 just that emissions went up or down but why; what  
16 changes were made, for example, to the  
17 reformulated gasoline standards that affected that  
18 and how that progress was made in various areas so  
19 that we have a balanced report of what the effects  
20 are.

21 We also, of course, need the cooperation  
22 of local and public interest groups and for them  
23 to provide their input, what their concerns are  
24 and what they're concerned about in terms of the  
25 petroleum industry.

1           As we proceed through this workshop,  
2       there are a number of questions that we'd like  
3       industry or agencies or interested members of the  
4       public to address today. In summary, those  
5       questions were identified in the workshop notice  
6       also, but I'd like to know what issues do you or  
7       your agency or your group think are the most  
8       important for us to address in the IEPR?

9           What additional areas? Have we left  
10      something out? I think we probably have; this is  
11      an ambitious project and there is a lot of work to  
12      be done and we may not touch on every subject this  
13      cycle. We'd like to know what you think we ought  
14      to be addressing and how we could address that.

15          We'd like to know what data you may have  
16      to assist staff in its analysis, what analysis  
17      you're willing to provide that you've already  
18      conducted that might be useful for staff to rely  
19      on to develop this report?

20          What information do local, regional and  
21      state agencies need from us to help them better  
22      plan for future development in the petroleum  
23      infrastructure sector?

24          Any other comments or suggestions you  
25      may have?

1           Again, my name is Richard Buell. My  
2           phone number is area code 916-653-1614 and you can  
3           reach me via e-mail at RBuell@Energy.state.ca.us.  
4           We have a web site for this IEPR project and you  
5           can check that regularly to see what information  
6           is posted. Information that you provide to this  
7           process will be docketed and become part of the  
8           record.

9           For written comments on this workshop I  
10          request that all of the parties submit comments by  
11          December 30th at 5:00 p.m. It's the last full  
12          working day of this calendar year. Please use the  
13          docket number 04-IEP-01A and indicate that it's  
14          the 2005 Energy Policy Report/Transportation  
15          Energy Report, and this is the subtopic area.

16          With that, that concludes my  
17          presentation. If the committee has any questions,  
18          I'd be glad to try to answer them.

19          COMMISSIONER PFANNENSTIEL: Rick, I'm  
20          wondering whether, in doing your analysis --  
21          You're going to be doing a time series, looking  
22          over the years since '85 to see how these things  
23          look -- wondering whether there is another way  
24          also of approaching some of this which might be to  
25          look at other infrastructure, petroleum

1 infrastructure facilities at other places in the  
2 universe and see if there are any of those that  
3 might be environmentally preferable for any number  
4 of these reasons, any of the things that we're  
5 looking at, other places in the US or even outside  
6 of the US, and maybe learning something from them,  
7 using some of those as models.

8           Clearly, we know there are bad models  
9 out there. We know there are a number that are  
10 much worse than where we are in California. But  
11 it would be interesting as people enter comments  
12 to us if they could identify any others that we  
13 might want to look at by comparison.

14           SENIOR PROJECT MANAGER BUELL: I think  
15 that's probably a good suggestion. I hope that  
16 staff has the resources to try to address those  
17 issues. Any other comments?

18           I have a gentleman --

19           ASSOCIATE MEMBER COMMISSIONER BOYD:  
20 Rick? Excuse me for interrupting you. I'm going  
21 to take this opportunity to talk to our conference  
22 call audience. Commissioner Geesman and I are  
23 veterans in these workshop hearings, this is  
24 probably approaching our three-dozen-th hearing in  
25 the last couple of years, and while we welcome

1 everybody on conference calls, there is conference  
2 call etiquette that we need to remind the audience  
3 of.

4 To those of you in our audience, you  
5 need to recognize that it would be appreciated if  
6 you could mute your phone when you're listening if  
7 that is at all possible. Every single noise that  
8 is made by anybody out there, and noise can  
9 include talking, coughing, shuffling papers,  
10 moving anything, etc., etc., is broadcast very  
11 loudly in this room, and so we've been listening  
12 to some interesting noises already this morning.  
13 And later on when you start eating your Krispy  
14 Kremes or you get to lunch, it can get worse.

15 So just recognize that, if you would,  
16 please, and if at all possible mute your phone.  
17 If you can't, just recognize and keep the noise  
18 down and the people here would appreciate it.  
19 Thank you. That's my big add to this morning's  
20 hearing so far.

21 SENIOR PROJECT MANAGER BUELL: Again, if  
22 you'd like to join us via conference call, if  
23 you're listening on the Intranet, the call-in  
24 number, when I get back there, is 800-857-2747 and  
25 the pass code is Rick Buell.



1           We have a gentleman on conference call  
2           that has identified a desire to speak early in the  
3           process, so I would like to turn to him first.

4           It's Mr. Denny Larson, and can you identify  
5           yourself and spell your last name and also  
6           identify your affiliation.

7           NRRC DIRECTOR LARSON: My name is Denny  
8           Larson, L-a-r-s-o-n. I am the director of the  
9           National Refinery Reform Campaign. That's a  
10          national campaign to reform America's oil refining  
11          industry. We are made up of community members who  
12          live around oil refineries, workers and former  
13          workers of refineries, shareholders and other  
14          stakeholders concerned about the oil refining  
15          industry and reforming it.

16          A little bit of background: I spent 17  
17          years working in Northern California with  
18          communities for a better environment and directly  
19          working with refinery neighbors: the Air Quality  
20          District there, Contra Costa Health Services, all  
21          of the various stakeholders including the  
22          refineries in the area, and a couple of years ago  
23          I expanded this effort and started a separate  
24          organization called Global Community Monitor which  
25          now houses the National Refinery Reform Campaign.

1           We've also been engaged over the last  
2   few years in studying the refining industry  
3   nationwide and working with refinery neighbors,  
4   regulatory agencies, and various other  
5   stakeholders on a national basis.

6           Secondly, I want to go through some of  
7   the things that I submitted for your docket, but I  
8   welcome this investigation by your panel into the  
9   refining sector. I think the energy sector is one  
10  that we've learned increasingly over the last few  
11  years in particular is one that is in need of  
12  transparency, effective regulation and  
13  enforcement, and better oversight.

14          I'd like to begin by contrasting the  
15  electric-generating power plant industry and that  
16  particular energy sector versus the oil refinery  
17  sector. I'm sure that many of you on the panel  
18  are far more familiar with the electric-generating  
19  power plant and that sector than I am, so I will  
20  recognize that at the beginning. But I think if  
21  we look back to the power crisis of 2001 that sent  
22  shock waves through the state and the nation and  
23  some of the revelations that came forward and are  
24  still coming forward regarding power, energy and  
25  the profit games that were being played by various

1 parts of the sector, it was quite a shocking  
2 experience.

3 These included supply shortages that  
4 were apparently manufactured by facility owners  
5 and power companies under the guise of maintenance  
6 shutdown and other manipulations, and I'll come  
7 back to that later. Some of the studies showed  
8 that as much as one-third of the power plant  
9 capacity was unavailable during the period that  
10 the rolling blackouts were initiated. And, again,  
11 I'm sure you've got a lot more information on that  
12 that I would want to supply to you today. But  
13 unlike that particular energy sector, gasoline and  
14 other fuels have no central ISO that we can  
15 effectively track where our gasoline is, where  
16 it's going, how many refineries are operating  
17 today or scheduled to be shut down for maintenance  
18 today, tomorrow, next year or the next five years.

19 In short, refineries are making gasoline  
20 where they want, when they want. They open and  
21 close them where they want, when they want. They  
22 store their supplies where and when they want, and  
23 they determine how much they produce without  
24 efficient transparency and oversight for both  
25 government agencies and the public.

1           It's fitting that the cover of your  
2       package shows the Shell refinery in Bakersfield,  
3       California which I'm sure all of you know was  
4       slated for shutdown earlier this year and, except  
5       for the extraordinarily strong and unusual  
6       intervention of our attorney general, that  
7       refinery would be closed today, and it is still  
8       threatened. This is an emblematic symbol of part  
9       of the problem. Now, because we have approached  
10      gasoline fuel unlike other sectors of our energy,  
11      we just don't know what's going on, and that makes  
12      it hard for us to determine what to do in the  
13      future.

14           I'd like to go through these series of  
15      reports just briefly. You have the time to review  
16      them in detail and perhaps you have before, that  
17      is, that apply to you. They are, in the order  
18      that I'll talk about them: Accidents Will Happen  
19      by the Environmental Integrity Project; Smoking  
20      Guns by the Environmental Integrity Project;  
21      Gaming the System by the Environmental Integrity  
22      Project; and finally, No Accident, which is the  
23      study of Contra Costa oil refinery pollution.

24           Basically, all of these refineries say  
25      the same thing: A tremendous amount of gasoline

1 and fuel which could be available to the public  
2 and deal with supply issues is simply going up in  
3 smoke. It is being emitted through a variety of  
4 different upset emissions and breakdowns at  
5 refineries in an incredible amount. And it's  
6 also, of course, generating an incredible amount  
7 of pollution in the process.

8 The first report I'd like to go through  
9 with you just real briefly is Accidents Will  
10 Happen. Over the years the US Environmental  
11 Protection Agency, it's been brought to their  
12 attention that flarings and pressure release  
13 valves and other upset emissions are a tremendous  
14 problem; these malfunction, start up, shut down,  
15 etc. In order to make this information more  
16 available to the public, because although EPA has  
17 been working on it, they have been working on it  
18 behind closed doors with the refineries and not  
19 with stakeholders and with transparency.

20 Now, briefly, this report just looked at  
21 one refinery in Texas, and one refinery town in  
22 Texas with about six refineries. And the long and  
23 the short of it is that when you compare the  
24 annual toxic release inventory information for  
25 those six refineries, it adds up to about a

1 million pounds a year of emissions; however, when  
2 we went through the Texas records to add up the  
3 total amount of reported upset emissions, the  
4 total amount of upset emissions from those six  
5 facilities was six million pounds. In other  
6 words, ladies and gentlemen of the panel, six  
7 times as much pollution was being emitted through  
8 those upsets, and that pollution is largely from  
9 material that could have been made into gasoline  
10 or was destined for the process in which gasoline  
11 is produced. So gasoline in huge quantities was  
12 going up in smoke and was not available for the  
13 system.

14 The second report, Smoking Guns, looked  
15 at the issue of just how much is going up through  
16 the stack and how much is being emitted into the  
17 environment which impacts the communities and also  
18 has been shown to impact the smog situation and  
19 could actually throw a smog district out of  
20 compliance in a single day. We found that  
21 refineries routinely report the combustion that  
22 they achieve based on calculations from these  
23 flaring incidents at 98 percent; however, a review  
24 of that data by the Environmental Integrity  
25 Project showed that that was highly underestimated

1 and that flares rarely burn, particularly when  
2 they smoke, at a 98-percent efficiency. So if we  
3 go back to our six-million-pounds figure that was  
4 generated in the previous report, we could  
5 estimate that that figure was off perhaps by a  
6 figure of up to ten. So there could have been up  
7 to tens of millions of pounds of emissions as a  
8 result of those flarings and upsets in the  
9 previous report. This again focused on just the  
10 six facilities in Texas and I'll get to the  
11 California situation in a moment.

12 The final report which just came out  
13 from the Environmental Integrity Project, and let  
14 me just mention that the Environmental Integrity  
15 Project, if you're not aware, is headed by Mr.  
16 Eric Schaeffer who headed the US EPA's Air  
17 Enforcement Division for a number of years.  
18 Mr. Schaeffer left to establish the Environmental  
19 Integrity Project as a watchdog over the current  
20 EPA which a lot of people have concerns about. So  
21 this is an extremely rigorous operation which  
22 produces data of an extremely credible nature  
23 somewhat more than the Environmental Integrity  
24 Project currently, I might add.

25 What we did with this report was we

1 wanted to look at this problem beyond Texas.

2 Obviously, Texas has its own particular problems.

3 So we looked at the upset issue in a variety of  
4 states including California but also Pennsylvania,  
5 Ohio, etc. to show that this is not just a problem  
6 in Texas. Upset emissions from refineries in  
7 particular is a huge problem across the country.  
8 There is a lot of gasoline going up in smoke and  
9 there are a lot of people that are breathing it.

10 Rather than go through the  
11 recommendations in here which I really hope that  
12 you will look at in detail, I want to focus on the  
13 particular problem that was identified when we  
14 looked at the California emissions, and that was  
15 that despite the fact that we could estimate,  
16 based on the industry reporting, how much  
17 pollution was being generated through the upset  
18 emissions by refineries in other states, we could  
19 not do so in California. We could go onto the web  
20 and get the information from Texas about how much  
21 pollution was coming from a refinery emission, a  
22 particular event, and we could add those up, and  
23 we will see that aggregate data per state in that  
24 report.

25 We couldn't even do that in California,



1 despite the fact that we had breakdown reporting,  
2 other kinds of reporting requirements in the state  
3 of California, both in the South Coast District  
4 and in the Bay Area District. A number of  
5 problems occurred when we simply tried to add up  
6 the numbers, and that was that the numbers are not  
7 available oftentimes because of, dealing with  
8 health or legal reasons and a variety of other  
9 reasons that are enumerated in the report. So I  
10 can't unfortunately today tell you how bad a  
11 problem it is. But if you look through that  
12 entire list of upset reports that the  
13 Environmental Integrity Project and their partners  
14 added up, you'll see that there is a hell of a lot  
15 of upset being reported and potentially a hell of  
16 a lot of gasoline that's going up in smoke.

17 The other point I'll make before moving  
18 into the Contra Costa figures just quickly is  
19 that, of course, that is all illegal under the  
20 Clean Air Act; in other words, the first time a  
21 plant has an upset at an FCC unit and the cause is  
22 a particular problem, they can get a "Get Out of  
23 Jail Free" card, as it were. But the second time  
24 it happens under the Clean Air Act, that "Get Out  
25 of Jail Free" card is not available because there

1 is a duty under the Clean Air Act to get to the  
2 root of that problem and fix it so it doesn't  
3 happen again. And in a minute when I go through  
4 the results of our Contra Costa study, you'll see  
5 exactly how that plays itself out with repeat  
6 offender unit.

7 I'd like to move into that final report  
8 in which you have about 14 different PDFs. I  
9 apologize for the cumbersomeness of that. This  
10 report is called No Accident. This is a report  
11 that I worked on with the Contra Costa Building  
12 Trades Council while I was at Communities for a  
13 Better Environment and it was issued I believe in  
14 2001. In this we looked at what was happening  
15 with chemical spills in general in the county  
16 which was a big concern, but the highlight of the  
17 report became the re-occurring major accidents at  
18 oil refineries in the Bay Area.

19 We found that refineries were  
20 responsible for the vast majority of major  
21 accidents at refineries and actually at all  
22 facilities in Contra Costa County. When you look  
23 at PDF number three, the Conclusions, the rate of  
24 major accidents in Contra Costa County, the  
25 headline is "Conclusions: Rate of Major Accidents

1 Remains Unacceptably High," you will see again  
2 that those facilities that had most of the  
3 accidents and also major accidents were oil  
4 refineries in that particular area.

5 When you look at PDF number four which  
6 is the refineries' share of major accidents again  
7 and serious incidents as well, you can see that it  
8 was 92 percent of all reported major accidents  
9 were at refineries in the county and 94 percent of  
10 the slightly less worrisome what are called  
11 serious incidents.

12 In PDF number five, if you look at the  
13 major industrial accidents 1999-2000, again you  
14 see the refineries showing up there.

15 In number six, the types of re-occurring  
16 incidents and their frequency in 1999-2000, again  
17 you'll see, number one, flaring and PRV which is  
18 pressure release valves. This is again a high  
19 probability of gasoline going up in smoke type of  
20 incident. Forty-six percent of those incidents  
21 involve that. We also have vapor clouds or smoke  
22 which oftentimes are, again, various products,  
23 byproducts of refining, gasoline production up  
24 into the air. And finally, explosions and fires,  
25 one of which included the closure of a refinery

1 for six months due to safety concerns which caused  
2 serious constraint on the gasoline market.

3 If you go to PDF number seven, the chart  
4 of Re-occurring Problems, Units and Facilities,  
5 you get right back to the issue that I put before  
6 the panel and we have put before EPA and the  
7 various agencies for a number of years without  
8 resolution. You'll see that the Chevron ISOMAX,  
9 FCC unit, all of these different specific units  
10 within refineries keep having the same kinds of  
11 accidents over and over again in their facilities.  
12 That's wasting gasoline, it's dumping pollution on  
13 the neighbors and it is not being enforced under  
14 the Clean Air Act. There are relatively few if  
15 any penalties have been brought under the Clean  
16 Air Act, requirements for stopping these re-  
17 occurring accidents.

18 If you look at PDF number eight, Re-  
19 occurring Problems by Facility and Unit in the  
20 year 2000, you see the same thing again. You see  
21 the Chevron ISOMAX problems topping the chart at  
22 eight and I won't go through the rest of them, but  
23 you just see these same what we call repeat  
24 offender units having accidents and wasting fuel  
25 supply as well as dumping on the neighbors.

1           If we look at the total number of just  
2 incidents, not even things that were reported,  
3 again just in Contra Costa County -- some are  
4 small, some are big -- you can see again in PDF  
5 number nine that we've got refineries way, way  
6 topping the list there.

7           Some of the other things that you have  
8 before you I'll just go through quickly, 12 and 13  
9 PDFs just give some detail more about repeat  
10 offenders, and then I put some of the actual lists  
11 of the accidents in PDFs 13 and 14 in front of you  
12 so that you can see what some of the accidents are  
13 specifically and see how they relate to gasoline  
14 production. That's definitely something that we'd  
15 like your staff to study more in detail so that we  
16 can figure out exactly how much gasoline is going  
17 up in smoke and prevent these spills just by  
18 enforcing the Clean Air Act and other accident  
19 prevention regulations on the books.

20           The final few points I'll make just  
21 before closing, quickly, there are two PDFs in  
22 front of you, I think 10 and 11 were their  
23 numbers, where there are just some brief bullet  
24 points about the CARB phase two reformulated fuel  
25 project. This was presented to a CARB panel in

1 Richmond back in 2001, I believe, where we were  
2 identifying the increased number of problems that  
3 happened, were happening at refineries which we  
4 believed were tied to the way that companies  
5 implemented reformulated fuel projects.

6 Refineries, in my 20 years' of  
7 experience, never implement any of these new fuel  
8 project standards or any of these things without  
9 building in what we call profitability projects  
10 where they intensify the refining, they beat up on  
11 the molecules more, they generate more pollution  
12 and/or they also bring in dirtier crude oil which  
13 is higher in contaminants and results in higher  
14 pollution across the board -- air, water and  
15 waste. And we put a number of things before CARB  
16 which they had not acted on at that time regarding  
17 future reformulated fuel projects which were --  
18 they're highlighted in number 11 there -- about  
19 what we would like them to do in regard to future  
20 ones.

21 In summation, I would just say that the  
22 solutions that we see that should be immediately  
23 put in place are requiring on-line immediate  
24 reporting of upsets such as they do in Texas. If  
25 they can do it in Texas, I would think we could do

1       it in California. Enforce the Clean Air Act  
2       against these upsets to stop these repeat  
3       offenders from dumping on people and sending our  
4       gasoline up in smoke, require real-time fenceline  
5       monitoring at these facilities upwind and downwind  
6       such as the pressure system that is in place today  
7       at the Rodeo ConocoPhillips refinery as the result  
8       of a good neighbor agreement.

9               And we need transparency. That  
10       information is available on the web to the public,  
11       and that's what we need at all these refineries  
12       because your staff is going to have a tough time  
13       actually finding out what's coming into the  
14       neighborhoods right now because that's the only  
15       refinery in the state where you could actually  
16       look at what's crossing the fenceline.

17              We need the buffer zone bill again.  
18       Some of you may be long enough in the tooth, such  
19       as myself, to remember the Boatrigh Bill of the  
20       1980s that was going to require buffer zones  
21       surround these refineries that continued to  
22       expand. That bill never got anywhere nor did  
23       subsequent buffer zone initiatives, but we need  
24       buffer zones clearly. We can't live next to  
25       refineries safely and people need to be taken care

1 of that are already there.

2 We need a centralized ISO for gasoline  
3 and fuel. It's ridiculous to think that we can  
4 let this huge section of the energy economy just  
5 run itself anymore. We need to require the  
6 reporting of maintenance schedules and the  
7 maintenance that's going on at these refineries so  
8 that we know what they're doing when they're doing  
9 it, and we need oversight to prevent the ply games  
10 being played by the refineries.

11 Solutions that we don't need are the  
12 streamlining of refinery expansion and siting  
13 rules and the weakening of air quality  
14 regulations. That's not the answer. We've  
15 probably got plenty of gasoline that we could  
16 supply here in California if we could remedy some  
17 of these underlying problems, number one of which  
18 is how much of it is just going up in smoke today.

19 Thank you. I'd be happy to answer any  
20 questions.

21 SENIOR PROJECT MANAGER BUELL: Thank you  
22 for your comments. The reports you've referenced  
23 have been docketed as well as the presentation you  
24 made today.

25 If anyone would like to speak, I have a



1 blue card. You could fill that out and pass it on  
2 to the Commissioners so they know who you are.

3 PRESIDING MEMBER COMMISSIONER GEESMAN:

4 Mr. Larson, I want to thank you for your statement  
5 and the materials that you've provided us today,  
6 and we will go through them quite carefully. I  
7 want to also encourage you to stay involved with  
8 our process and monitor our output fairly  
9 carefully. I hope that we can count on you to  
10 continue to share your views with us, including  
11 your evaluation of the report that ultimately we  
12 put out.

13 From much of what you say, I think you  
14 would probably be an advocate for a stronger state  
15 role in this sector, but I note your prior  
16 organization, Communities for a Better  
17 Environment, and many other environmental  
18 organizations attuned to these issues have  
19 preferred the view that they have greater  
20 influence on the local governments that currently  
21 exercise almost all of the land use jurisdiction  
22 over these facilities. And I'm not certain that  
23 the magnitude of responsibilities that go along  
24 with regulation of this sector are really very  
25 equally distributed, given the limited resources

1 and limited knowledge base of a lot of local  
2 governments in this state.

3 So I would hope that you would engender  
4 a debate within the environmental community as to  
5 whether state government ought to play a stronger  
6 role in this field and whether the problems that  
7 you've identified in your statement and the  
8 reports that you've offered today couldn't be more  
9 successfully addressed with a stronger and  
10 transparent role for state government.

11 NRRC DIRECTOR LARSON: Thank you. Could  
12 I respond just briefly?

13 PRESIDING MEMBER COMMISSIONER GEESMAN:  
14 Certainly.

15 NRRC DIRECTOR LARSON: Yes, I'd be happy  
16 to play whatever role I can play, both with the  
17 agencies and the panel and other environmental  
18 groups. I think that it's a big ball of wax and I  
19 think that some things are better addressed at the  
20 local level with the air districts in relation to  
21 setting particular emission standards for leakage  
22 from valves and pumps and compressors and this,  
23 that and the other thing. And I definitely  
24 identify with the problems with local community-  
25 based groups participating in statewide processes

1 as opposed to local ones.

2 But I think there is a piece of the pie  
3 for the state to take up in particular, and that  
4 is always tricky, figuring out which is which, but  
5 I think that there does -- In regard to the issue  
6 of fuel supply, centralizing how much we know we  
7 have, these maintenance schedules and what-not,  
8 similar to the statewide ISO for electric power,  
9 for example, that there are clearly some roles  
10 that the state has to play.

11 PRESIDING MEMBER COMMISSIONER GEESMAN:

12 Thank you.

13 ASSOCIATE MEMBER COMMISSIONER BOYD:

14 Mr. Larson, this is Commissioner Boyd. I want to  
15 just in particular thank you for bringing up the  
16 buffer zone issue and the efforts in past years to  
17 create buffer zones, which really gets to another  
18 point you raised and Commissioner Geesman just  
19 referenced and that is local land use planning.  
20 Unfortunately, that is an issue at the local level  
21 and land use planning decisions that allowed  
22 subdivision construction right up against the  
23 fenceline of facilities that were once a long ways  
24 away from anything has exacerbated the public  
25 health concerns and the environmental justice

1 concerns as well. And that's going to be a tough  
2 issue to deal with. Thanks for bringing it up; it  
3 was interesting reflecting back, like you, on  
4 those debates in the '80s.

5 NRRC DIRECTOR LARSON: Yes. I mean, it  
6 is a crucial issue. There are a lot of things  
7 that have to be done. I think there are a lot  
8 more things that have to be done, frankly, with  
9 emission reduction, but I would also point out  
10 that there have been some development projects for  
11 housing that have been put forth by the oil  
12 companies who just happen to own that land.

13 So I think, again, with this, everybody  
14 has got a role to play in this, besides the buffer  
15 zone, and be more dictated by the fact that the --  
16 the size of the emission problem as well. But  
17 anyway, it is an important topic and it is a tough  
18 one to grapple with, I recognize.

19 PRESIDING MEMBER COMMISSIONER GEESMAN:  
20 Okay. I've got a blue card from Michael Barr.

21 WSPA SPECIAL COUNSEL BARR: Thank you  
22 very much, Commissioners and aides and staff and  
23 members of the public. My name is Michael Barr  
24 and I'm a partner with Pillsbury Winthrop in San  
25 Francisco. I'm special counsel to the Western

1 States Petroleum Association today. I  
2 unfortunately don't have a nice Powerpoint  
3 presentation, only our written comments and a few  
4 bits of our preliminary advice on this very  
5 important topic.

6 My own experience with petroleum  
7 infrastructure facilities includes advising  
8 refineries and pipelines and marine terminals  
9 regarding permits of all kinds in California at  
10 all levels, city, county, regional, state, local,  
11 even federal.

12 And I've also helped many other kinds of  
13 energy facilities obtain permits in California  
14 including cogeneration and chemical projects that  
15 are closely related to some of the facilities that  
16 you're talking about today, but also electric  
17 power plants, gas compressor stations, solar wind,  
18 biomass and even a few rare nuclear projects in  
19 California. And each kind of energy project faces  
20 its own challenges, but all can be sited and  
21 operated successfully in California as part of an  
22 integrated energy program, I believe.

23 WSPA and its members participated with  
24 great interest in the 2003 IEPR process and the  
25 2004 update. Joe Sporano, the president of WSPA,

1 addressed your Commission many times. He wanted  
2 to be here today but unfortunately had other  
3 commitments. I'm sure you'll see him again as  
4 this project goes forward.

5 WSPA is looking forward to contributing  
6 to the 2005 update. My remarks today represent a  
7 shorter version, maybe a much shorter version of  
8 WSPA's full written comments that will be  
9 submitted to the Commission regarding the  
10 petroleum infrastructure environmental performance  
11 report by December 30, 2004.

12 Our written comments today deal with a  
13 number of topics but I'm going to skip, for  
14 purposes of brevity, the need for petroleum  
15 infrastructure, which we've commented on many  
16 times before; the need to understand California's  
17 petroleum infrastructure better, which we strongly  
18 agree with; the need to understand the potential  
19 impacts of environmental policies and regulations  
20 on petroleum infrastructure, and the need for  
21 permit streamlining, obviously an important and  
22 perhaps controversial topic.

23 Today I'd like to start by emphasizing  
24 in our view the need for a complete analysis for  
25 all energy sources. As Gina Grey of WSPA

1 testified during your workshop on August 18th,  
2 WSPA is happy to help assist you in defining plans  
3 that will ensure the state is successful in  
4 achieving improved energy efficiency and continued  
5 economic growth. She noticed then your staff's  
6 proposed recommendation for a petroleum  
7 infrastructure environmental performance review or  
8 really what appears to be sort of a high-level  
9 environmental report card for our industry. We  
10 understand that a similar report card is proposed  
11 for the electric generation industry.

12 Our industry will certainly cooperate  
13 with your staff's effort to develop this report  
14 card. We continue to recommend, though, that the  
15 Commission ask a comparable list of key questions  
16 about non-petroleum fuels and other portions of  
17 the state's energy sector and prepare similar  
18 report cards for all energy sources at the same  
19 time. The Commission has determined that the  
20 state's energy policies must be economic, reliable  
21 and environmentally sensitive. We support these  
22 criteria for all energy supply sources.

23 We do not agree that non-petroleum fuels  
24 and technologies should automatically be deemed to  
25 comply with those policies. They should not be

1 promoted without taking comparable tests. Their  
2 environmental attributes should not be ignored  
3 because their performance is incomplete. They  
4 should be graded fully and fairly on comparable  
5 report cards during the 2004 IEPR planning cycle.

6 Now to comment on the six questions in  
7 Attachment A, and I'll skip some of them because  
8 those are in these comments and we'll elaborate  
9 more in our written comments, but I'd like to  
10 start with number one: What do you believe is the  
11 most important issue staff should address in this  
12 particular effort. And in our view the most  
13 critical issue is for the staff to develop a  
14 methodology for evaluating the environmental  
15 performance of all energy sources, and that would  
16 include petroleum infrastructure. It would also  
17 include the infrastructure required for other  
18 fossil fuels like CNG and LNG, the infrastructure  
19 required for hydrogen, the infrastructure required  
20 for solid fuels including biomass, the  
21 infrastructure required for land-intensive energy  
22 sources such as wind and solar, the infrastructure  
23 required for hydroelectric power and the  
24 infrastructure required for every other  
25 reasonably-contending energy source in California.



1           We understand and support a fairly high  
2   level of environmental performance review by the  
3   Commission staff. It is conceivable that the  
4   staff's attempt to develop an environmental report  
5   card might be able to cover all the appropriate  
6   subjects for all technologies and apply a  
7   reasonable grading system; however, we also see  
8   considerable challenges to you and your staff and  
9   a continuing need for dialogue with all of the  
10  affected stakeholders. For example, has the staff  
11  identified all of the appropriate environmental  
12  attributes? Should they be given the same weight  
13  or a different weight? If they should be given  
14  different weight, how should they be weighted and  
15  why? Should they be graded pass/fail, by letter  
16  grades, by numbers or some other way?

17           The staff has begun to answer questions  
18  like this in the Attachment B scoping document.  
19  It's clear to us from the inconsistencies and gaps  
20  in Attachment B, though, that this is only the  
21  first step of many required to develop any  
22  approach that will benefit both the economy and  
23  the environment of California.

24           Skipping ahead to question three, what  
25  data do you have that could assist staff in

1 conducting its analysis? And we really have two  
2 suggestions there. First, the staff should rely  
3 on extensive prior environmental studies of  
4 petroleum infrastructure facilities in California.  
5 We've suggested a number of steps. There  
6 certainly is no need for the staff to restudy or  
7 redo the approximately 40 EIRs that have been  
8 prepared statewide on petroleum infrastructure  
9 projects throughout California during the last ten  
10 years. Those have been done by cities, counties,  
11 state agencies, air districts like the South Coast  
12 Air Quality Management District.

13 It's a very rich database and, in fact,  
14 I brought two examples with me. One is a very  
15 recent one from April of 2004 on the Paramount  
16 Refinery, the Clean Fuels Project, prepared by the  
17 South Coast Air Quality Management District, and  
18 another one prepared about ten years ago by Contra  
19 Costa County on something at that point that was  
20 called the Unical Corporation Reformulated  
21 Gasoline Project. This is volume one of three  
22 volumes, and they studied all of the environmental  
23 attributes listed in Attachment B of your notice  
24 plus many others.

25 We think that there are representative

1 prior studies that can be used to guide your  
2 staff. We think those can be incorporated into  
3 your quality standards. You can explain the  
4 adequacy or the shortfalls of those studies, and  
5 that from them you can identify data gaps and your  
6 proposed means of filling them for public review.

7 Secondly, we think the staff should also  
8 rely on prior environmental requirements  
9 applicable to petroleum infrastructure facilities,  
10 and certainly the first step there is to consult  
11 as you've proposed with agencies like the South  
12 Coast, like the Bay Area District and the regional  
13 water quality control boards that have also very  
14 rich databases on this industry. From those  
15 databases we think you can obtain specific  
16 examples of requirements that apply to petroleum  
17 infrastructure facilities. You can begin a  
18 comprehensive list of them, in fact, and begin to  
19 identify gaps in the ways that you propose to fill  
20 them.

21 Skipping ahead to number six, do we have  
22 other comments and suggestions, just again at a  
23 very high level we think that you need to exclude,  
24 at least in your initial efforts in developing  
25 these types of report cards, areas that are based

1 substantially on opinion rather than scientific  
2 methods. We think that you should include a very  
3 robust alternatives analysis. We think you should  
4 explain your role and authorities as to different  
5 sources as to different energy supply options.

6 One of the comments I think that comes  
7 up right at the beginning of a study like this is  
8 the baseline, and we think on that issue the staff  
9 should provide an explanation on the choice of  
10 1985 as the baseline beyond we picked it  
11 arbitrarily. We can see a reason for picking  
12 1985. It's a year 20 years ago that was right  
13 before the wave of cleaner-burning gasoline  
14 regulation, but it also was a date that was after  
15 the great burst of environmental agencies and  
16 regulations in the late '60s and early '70s, and  
17 we think a more complete evaluation of historical  
18 trends should address the expansion of  
19 California's petroleum infrastructure from the  
20 outbreak of World War II up to 1985, at least  
21 qualitatively.

22 Looking at a longer post-War period  
23 would provide perspectives on the growth of  
24 California, the growth of demand for petroleum  
25 products, and the growth of supply alternatives.

1 The longer perspective should also put the land  
2 use and related issues into a much more  
3 understandable post-War context.

4 We also have comments on the description  
5 of the petroleum industry, and we will provide  
6 more detailed comments on that in our written  
7 comments, but it's probably a lot easier to  
8 describe the industry the way it's structured  
9 today than even to go back only 20 years ago,  
10 because in 1985 the staff will need to reconstruct  
11 a snapshot of the industry at that time. The  
12 snapshot should include all of the refineries then  
13 operating -- There were about three times as many  
14 as there are now -- all of the pipelines then in  
15 service, and all of the crude and product  
16 terminals (land and marine) then in service. The  
17 snapshot should also include the early cogen units  
18 being used to self-generate power at petroleum  
19 infrastructure facilities in the early land and  
20 water and air disposal and treatment technologies,  
21 which, of course, have improved vastly since then.

22 We do have a number of specific  
23 suggestions on various environmental attributes,  
24 at least the ones we can control. Many of the  
25 air, water, waste safety attributes the staff has

1 proposed metrics to look at those particular  
2 attributes. We've identified several other  
3 metrics that we propose that the staff look at,  
4 and we also think that there are available various  
5 trend analyses in those fields (air, water, waste)  
6 that could be very useful for this report card.

7 On subjects like land use and related  
8 subjects, we really wonder whether those are  
9 attributes of the environmental performance of  
10 petroleum infrastructure facilities or really  
11 whether they're attributes of the surrounding  
12 communities. They're certainly largely outside  
13 the control of people who own and operate  
14 petroleum infrastructure.

15 Of course it's clear from the notice of  
16 this workshop and the attachments that there are  
17 many open questions and a great deal of work to do  
18 to complete a petroleum infrastructure report  
19 card. We will be looking forward to helping you  
20 at every stage in every way we can. We're leading  
21 the market forward in the production and use of  
22 some alternative fuels and, as you know, we're  
23 opposed to government intrusion into the  
24 marketplace. We would request that some attention  
25 be paid to ensuring a fuel-neutral approach in all

1 sectors of the California government and in all  
2 governmental activities at all levels including  
3 applying a comparable environmental performance  
4 review process to all energy sources.

5 As mentioned before, we do support  
6 streamlining the state's permitting process  
7 without any compromises on environmental  
8 protections. We urge the Commission to endorse a  
9 streamlined state government that implements an  
10 energy policy that allows both expanding existing  
11 supplies of fuels that are the cleanest in the  
12 world while at the same time developing and  
13 increasing other supplies in the state's energy  
14 portfolio.

15 WSPA and its member companies do  
16 sincerely appreciate having the opportunity to  
17 work with your staff. We work very closely with  
18 them to provide a considerable amount of detail.  
19 Much of it is submitted on a confidential basis  
20 for competitive reasons and we've always found  
21 your staff to be extremely professional and adept  
22 at using that data.

23 You have before you a considerable and  
24 complicated task, one that has enormous potential  
25 for improving the future of all Californians. We

1 do invite you to call on us at any time for  
2 assistance as you complete the review and  
3 implementation process. We will submit more by  
4 December 30th. I'm glad to respond or note your  
5 questions or comments today. Thank you very much.

6 PRESIDING MEMBER COMMISSIONER GEESMAN:

7 Thank you, Mr. Barr.

8 I guess the only thing that I would say,  
9 because I am a fairly strong advocate of cleaning  
10 up our existing permit process which I consider to  
11 be largely dysfunctional as it relates to many  
12 attributes of petroleum infrastructure, is that to  
13 a very large degree I think your industry is, what  
14 do they call it, codependent or cofacilitator of  
15 this problem. And I'm hopeful the last couple of  
16 years that the industry is increasingly seeing the  
17 light that the existing balkanization of local  
18 permitting authorities, particularly in the land  
19 use area, does not serve anyone's particular  
20 interest well. I don't think it yields good  
21 decisions. I know it doesn't yield timely  
22 decisions. And increasingly we find that it  
23 doesn't yield decisions that can be sustained in  
24 court, yet we still go through this cycle again  
25 and again and again.



1           I read the newspaper about the problems  
2     surrounding the Chevron refinery in Richmond with  
3     the various development proposals for Point  
4     Molate, whether it's a desirable site for a tribal  
5     casino or more housing development proximate to  
6     the refinery. And I just stand amazed that this  
7     is a situation I believe historically your  
8     industry has brought upon itself by opposing a  
9     stronger state role, a consolidated permitting  
10    forum and some effort to bring statewide  
11    perspective to the interests affected by these  
12    individual land use decisions.

13           I see in Southern California one of the  
14    host local jurisdictions has a majority of their  
15    city council that have been indicted, and I  
16    haven't kept a score card, it may be now a  
17    majority that has been convicted of corruption,  
18    non-petroleum industry related corruption, I  
19    should add, but we're vesting authority --

20           WSPA SPECIAL COUNSEL BARR: Thank you  
21    for adding that, Mr. Chair. I do appreciate that  
22    one.

23           (Laughter.)

24           PRESIDING MEMBER COMMISSIONER GEESMAN:  
25    -- we're vesting authority in dealing with one of

1 the most sophisticated and vital industries in the  
2 world. We're vesting authority in extremely  
3 important decisions in local agencies that are  
4 simply not up to the task, and I think that a lot  
5 of the problems that we face in the permitting  
6 sector relate to that misplaced authority.

7 I'm hopeful that we can move forward. I  
8 think this report may be a part of moving forward,  
9 but I'm hopeful that we can move forward this year  
10 in trying to correct some of that. But this is a  
11 very polarized subject because your industry is in  
12 favor of something called streamlining. A lot of  
13 other people think it must be bad. I think you  
14 and Mr. Sporano have been very careful to note,  
15 and I intend to point it out every time you're in  
16 front of us, that your proposal has not entailed  
17 any "compromise" -- your word -- or any  
18 weakening" -- Mr. Sporano's word -- of existing  
19 environmental or safety standards. And I think  
20 it's important for those that address this  
21 question to start from that premise.

22 But we need to do something to improve  
23 our process or we're going to be beset with all of  
24 these problems if not worse ones in the years  
25 ahead.

1                   WSPA SPECIAL COUNSEL BARR: We agree,  
2           Mr. Chairman, and on the two points you raised, on  
3           streamlining, one of the real benefits of  
4           streamlining the newer projects, the newer  
5           technologies, the more reliable, the more  
6           efficient, the safer technologies is to improve  
7           performance, and especially given the tightness of  
8           supplies right now and the great increasing  
9           demands for the cleanest fuels that are produced  
10          anywhere in the world.

11                   So often what streamlining is able to  
12          do, as it has done in Silicon Valley, is to  
13          promote new technologies, high-quality jobs, a  
14          strong vigorous economy, and we can do that same  
15          thing in this sector as well. I think it's a  
16          clear theme throughout this part of your  
17          exploration. I think it's too strong to call it  
18          an investigation, I hope we don't call it an  
19          investigation.

20                   And you've said it yourself that you do  
21          need to talk to the city and county governments  
22          and find out their perspectives on the state  
23          roles. I think you'll find in particular that  
24          state and local agencies, regional air quality  
25          boards and others would be extremely concerned,

1 perhaps far more than the petroleum industry,  
2 about a one-stop permitting process located at the  
3 state level in Sacramento. And so we'll look with  
4 great interest to see what responses you get when  
5 you start interacting with them too. Thank you.

6 ASSOCIATE MEMBER COMMISSIONER BOYD:

7 Mike, it's good to see you again, it's been a long  
8 time.

9 WSPA SPECIAL COUNSEL BARR: Good to see  
10 you.

11 ASSOCIATE MEMBER COMMISSIONER BOYD:

12 Without getting into the permitting issue, because  
13 I think Commissioner Geesman has spoken for the  
14 Commission on that point, again I'm just going to  
15 reference land use, which is almost a personal  
16 opinion, not a position of the Commission, but I  
17 have long felt that I guess as a fourth-generation  
18 Californian that we've done terrible land use  
19 planning in this state that has led us to a lot of  
20 problems, but that needs to be addressed in a  
21 different venue.

22 But I don't want you to leave this event  
23 today feeling perhaps picked on, and maybe you  
24 don't but your references to looking at all energy  
25 sources implies that we're not. And let me assure

1       you we have in the past looked at electricity,  
2       electrical generation, and we are at present  
3       looking at many if not all of the types of  
4       activities that you referenced. You mentioned  
5       renewables basically, wind, etc., etc., and that's  
6       part of our environmental performance review.  
7       It's just not in today's forum, but we have broken  
8       this up into bite-sized pieces. I invite you to  
9       check our web site.

10                You mentioned hydro, which falls both  
11       ways in this state, as renewable or as an age-old  
12       dependable source. It too is getting and has  
13       gotten, quite frankly in the last few years,  
14       fairly extensive evaluation, but it's specifically  
15       a subject of the effort we have underway for the  
16       2005 IEPR, which frankly builds on a lot of work  
17       this agency did on some of the hydro issues when  
18       PG&E thought it was going to sell off its hydro  
19       facilities. That triggered a lot of review done  
20       by this agency and the resources agency, all of  
21       which were turned over to the PUC.

22                So, in any event, let me assure you we  
23       are looking as broadly as we can, and, as  
24       indicated, this is not a big place, doesn't have a  
25       lot of staff, and you've seen -- we've picked some

1 specific areas for this update and the same is  
2 true of other areas. But perhaps you're just  
3 newer to this and didn't realize the scope of what  
4 was --

5 WSPA SPECIAL COUNSEL BARR: Well, we  
6 have been following and we did follow certainly  
7 the electric generation part because, as you  
8 probably also know, many of the petroleum  
9 facilities also incorporate electric generation.  
10 And so we do appreciate your looking broadly. We  
11 also appreciate that this is a first step.

12 I think Rick had mentioned that you had  
13 hoped that you would perform this type of a review  
14 on the last round, and so this is time to start it  
15 and we'll be looking forward to participating in  
16 great detail throughout this process on this  
17 aspect.

18 COMMISSIONER PFANNENSTIEL: Mr. Barr,  
19 you mentioned a couple of times that we had among  
20 the cleanest fuels in the world in California. Do  
21 you think we have among the cleanest petroleum  
22 infrastructure facilities also?

23 WSPA SPECIAL COUNSEL BARR: I do. I've  
24 worked on projects all over the country and some  
25 overseas, and certainly we have the most

1 regulations. I had an occasion a few years ago to  
2 show the rules of one of our local agencies to a  
3 delegation from China and they assured me they  
4 would not be doing it that way. Now, perhaps they  
5 have performance-based standards that we could  
6 learn from too, but I do think, in my experience,  
7 that we have very, very clean facilities and I do  
8 think that on many of these environmental  
9 attributes by any fair grading system, on the ones  
10 that the industry controls -- air, water, waste --  
11 I think you'll see some very encouraging  
12 developments and I think you'll be tempted to give  
13 us A's.

14 COMMISSIONER PFANNENSTIEL: That would  
15 be great, thank you.

16 PRESIDING MEMBER COMMISSIONER GEESMAN:  
17 Thanks, Mike.

18 WSPA SPECIAL COUNSEL BARR: Thank you.

19 PRESIDING MEMBER COMMISSIONER GEESMAN:  
20 The next blue card is Steve Hill from the Bay Area  
21 AQMD.

22 BAAQMD AIR QUALITY ENGINEERING MANAGER  
23 HILL: Good morning. My name is Steve Hill. I'm  
24 the manager of Permit Evaluation for the Bay Area  
25 Air Quality Management District and I appreciate

1 the opportunity to talk to the Commissioners today  
2 and to the people who are listening. I don't have  
3 prepared comments but I do want to respond to the  
4 questions that were asked and speak briefly about  
5 what you've already heard this morning.

6 I just want to mention, in response to  
7 some of the things that Mike Barr just mentioned,  
8 I don't believe that streamlining would be a  
9 concern or an issue with the communities, it  
10 wouldn't be a problem with this industry if the  
11 industry did not have significant impacts on the  
12 communities surrounding the facilities. And it's  
13 in my opinion that those communities really  
14 deserve and are entitled to more than just a voice  
15 in what happens with those facilities. And the  
16 current permitting structure with local land use  
17 control being in the hands of the locals provides  
18 those communities with more than just a voice, it  
19 provides them with control over things that  
20 significantly affect the quality of life in those  
21 communities.

22 Removing that authority to the state  
23 makes those communities petitioners to this  
24 Commission on issues that significantly affect the  
25 quality of life in those communities rather than



1 controllers. I think that's a very serious shift  
2 in responsibility, and given where the impacts are  
3 I would suggest that you be very, very careful  
4 about seeking moving that authority from the  
5 locals to the state.

6 PRESIDING MEMBER COMMISSIONER GEESMAN:

7 You think the status quo has worked pretty well,  
8 then?

9 BAAQMD AIR QUALITY ENGINEERING MANAGER

10 HILL: I think the status quo doesn't work well, I  
11 think you're right, it's dysfunctional and there  
12 are problems with it. I don't think that -- I  
13 think that one of the problems is that the tools  
14 that we have are not sharp for the purposes to  
15 which they're being applied.

16 The problems that face the communities  
17 are problems with the existing facilities. The  
18 new projects are the only way that some community  
19 members have of influencing existing behavior.  
20 And so the tools are not very sharp, but there is  
21 an opportunity to negotiate between the  
22 communities and the facilities that is provided by  
23 the CEQA process to make changes that will improve  
24 the quality of life.

25 It's not a direct negotiation about the

1 things that are of concerns to the communities.

2 The projects that are being proposed provide an  
3 opportunity to engage in conversations that ought  
4 to be happening anyway. Does that make sense?

5 PRESIDING MEMBER COMMISSIONER GEESMAN:

6 Yes. We have a lot of conversations around our  
7 electricity power plant permitting process as  
8 well. I fail to see why that is less effective  
9 than conversations held with city council members  
10 who may end up being indicted or convicted of  
11 corruption or planning departments that have no  
12 budgets or agencies which choose to put a new  
13 economic development next to 75-year-old refinery  
14 sites.

15 BAAQMD AIR QUALITY ENGINEERING MANAGER

16 HILL: Right. I think you've identified a number  
17 of the issues that are characteristics of the  
18 current dysfunctional system.

19 PRESIDING MEMBER COMMISSIONER GEESMAN:

20 Now, if I live in Fresno and I'm dependent on the  
21 supply of gasoline to get to work every day or  
22 take my kid to school every day, and because we  
23 have backlogs in our refinery process, and I'm  
24 paying more for gasoline or my supply gets  
25 disrupted, who speaks for me in the current

1       permitting process?

2                   BAAQMD AIR QUALITY ENGINEERING MANAGER

3       HILL:   The people who are in a similar situation  
4       who are in the communities, they speak for you.  
5       And I think that what you just described, I don't  
6       think there is evidence that supports the  
7       contention that current gasoline prices are a  
8       result of a supply issue here.  I think that the  
9       discussion that was held around this issue earlier  
10      indicated that most of the current gasoline prices  
11      are a result of the current crude prices, not of  
12      lack of supply.

13               Your staff has projected a pinch in  
14      supply in the future, and that's something that  
15      this Commission needs to continue to address.

16               PRESIDING MEMBER COMMISSIONER GEESMAN:

17      And we have attributed past price spikes to  
18      inadequate storage facilities.

19               PRESIDING MEMBER COMMISSIONER GEESMAN:

20      All right.  I was not aware of that, but I can see  
21      how that --

22               PRESIDING MEMBER COMMISSIONER GEESMAN:

23      We've got an extensive evidentiary record on that.

24               So when the city of Richmond issues a  
25      negative deck or a storage facility proposed by

1 Chevron, I believe, Chevron initially takes  
2 comfort in that. They think, well, we're making  
3 progress. The community is upset. I believe it  
4 was Communities for a Better Environment  
5 successfully sued, overturned the negative deck I  
6 believe at the Court of Appeal.

7 Have we made progress here?

8 BAAQMD AIR QUALITY ENGINEERING MANAGER

9 HILL: No --

10 PRESIDING MEMBER COMMISSIONER GEESMAN:

11 Has the community achieved something? Has Chevron  
12 achieved anything?

13 A lady in Fresno has I think greater  
14 vulnerability for her gasoline supply and  
15 potential more volatility in the price that she  
16 pays, but have we achieved anything as a state?

17 BAAQMD AIR QUALITY ENGINEERING MANAGER

18 HILL: No. No, we haven't, and the question is  
19 how do we fix that. And in that particular case,  
20 the fault, the break happened with Chevron's  
21 successful advocacy of a minimal environmental  
22 review of that project.

23 PRESIDING MEMBER COMMISSIONER GEESMAN:

24 So how much faith should the community place in  
25 those local decision-makers? I sit at an agency

1 where that sort of thing has never happened  
2 successfully in court.

3 BAAQMD AIR QUALITY ENGINEERING MANAGER

4 HILL: Well, you also sit in an agency where the  
5 structure of the legal review is tilted to prevent  
6 that from happening.

7 PRESIDING MEMBER COMMISSIONER GEESMAN:

8 No, we have the best judicial minds in the state  
9 review our decisions.

10 BAAQMD AIR QUALITY ENGINEERING MANAGER

11 HILL: Well, that's true, but they don't have --  
12 they have only the record that you've developed to  
13 look at.

14 PRESIDING MEMBER COMMISSIONER GEESMAN:

15 Which is substantially more extensive than that  
16 developed in any local permitting process.

17 BAAQMD AIR QUALITY ENGINEERING MANAGER

18 HILL: I wouldn't say substantially more developed  
19 than any local process, but it's also  
20 substantially less developed than might be  
21 developed going through the standard judicial  
22 process.

23 I'm just suggesting not that -- I'm not  
24 suggesting that the existing process is  
25 necessarily superior or is really functioning

1 well; I would tend to agree with those that say  
2 that it needs substantial reform. My concern is  
3 that the voice that the local community has not be  
4 dimmed, not be stilled.

5 PRESIDING MEMBER COMMISSIONER GEESMAN:

6 I agree with that.

7 BAAQMD AIR QUALITY ENGINEERING MANAGER

8 HILL: And that the community exercise more than  
9 simply expressing its opinion but that it also  
10 have a strong role in making the decisions that  
11 affect its future.

12 PRESIDING MEMBER COMMISSIONER GEESMAN:

13 I think that the role that the community plays in  
14 the electric power plant permitting process is a  
15 strong role. You don't believe that? Talk to the  
16 sponsors of some of the power plants in San  
17 Francisco.

18 BAAQMD AIR QUALITY ENGINEERING MANAGER

19 HILL: I know that they have -- Well, what's going  
20 on in San Francisco, there is still a strong local  
21 role in that process.

22 PRESIDING MEMBER COMMISSIONER GEESMAN:

23 Pretty strong role in San Jose when they tried to  
24 site the Metcalf facility, equally strong role in  
25 several of the projects in Southern California.

1 BAAQMD AIR QUALITY ENGINEERING MANAGER

2 HILL: I'm not sure that the affected communities  
3 would necessarily agree with that statement,  
4 particularly for Metcalf. I don't know about the  
5 South Coast, but I do know about Metcalf.

6 That wasn't really what I wanted to  
7 debate or discuss; I don't expect to be very  
8 persuasive on this issue, I just wanted to be a  
9 voice for making sure that the local community has  
10 more than just a role as a stakeholder but is, in  
11 fact, part of the decision-making process.

12 On the specific questions that staff  
13 raised here, what do you believe is the most  
14 important issue staff should address in this  
15 document, I actually think that the issues that  
16 Denny raised in his comments are something that I  
17 would focus attention on if I were preparing this  
18 report, the accident/incident review analysis and  
19 the infrastructure in place for analyzing and  
20 preventing and responding to incidents to make  
21 sure that that is robust and to assess the quality  
22 of the existing infrastructures and make  
23 recommendations perhaps for improvements in that.  
24 I think that would go a long way towards reducing  
25 the concerns the communities have for these

1 because it would go a long way towards reducing  
2 the impacts that the communities feel from these  
3 facilities.

4 PRESIDING MEMBER COMMISSIONER GEESMAN:

5 Do you have any response to Mr. Larson's  
6 statements about the ability of data from your  
7 agency?

8 BAAQMD AIR QUALITY ENGINEERING MANAGER

9 HILL: Some of the data that are not available are  
10 not available because there are pending legal  
11 actions associated with those. Once those legal  
12 actions are complete, the data are made available.

13 PRESIDING MEMBER COMMISSIONER GEESMAN:

14 But Texas can achieve a higher level of  
15 transparency than the Bay Area AQMD?

16 BAAQMD AIR QUALITY ENGINEERING MANAGER

17 HILL: I'm not sure if they have achieved a higher  
18 level of transparency. They are reporting data in  
19 a different format. They are reporting data at a  
20 different time perhaps in their process. I'm  
21 certain that there are improvements that could be  
22 made in making data available from my agency. We  
23 are transitioning from an agency that has been  
24 fairly closed to one that is being a lot more  
25 transparent, and we are looking for examples, as



1 are you, of better ways of making the data  
2 available and improving the timeliness of the  
3 availability. Those are two related issues.

4 What additional areas do you believe  
5 should be addressed, I would like to suggest that  
6 this include shipping and trucking emissions. As  
7 I understand the scope right now, it's looking at  
8 the marine terminals. I would like to suggest  
9 that that also include shipping activity. The  
10 issues of ship emissions are very important,  
11 particularly in the Bay Area because a lot of the  
12 shipping happens on the waters within the actual  
13 physical area and the issues of foreign flag  
14 vessels versus US flag vessels and the kinds of  
15 controls those have. Those are important to  
16 consider.

17 Also, I would suggest looking at  
18 trucking as well.

19 PRESIDING MEMBER COMMISSIONER GEESMAN:

20 And we can get data on shipping, I guess,  
21 relatively straightforwardly. How about on the  
22 trucking side?

23 BAAQMD AIR QUALITY ENGINEERING MANAGER

24 HILL: I think that most of the trucking is  
25 distribution of finished products, so I would

1 believe that the trucking data are also fairly  
2 readily accessible.

3 PRESIDING MEMBER COMMISSIONER GEESMAN:

4 Okay. I think those are good points.

5 BAAQMD AIR QUALITY ENGINEERING MANAGER

6 HILL: And just to emphasize that, you're probably  
7 aware of the fact that the South Coast's mate  
8 study has shown that transportation hubs are where  
9 a lot of the elevated concentration of emissions  
10 are, and so the transportation component of this  
11 is an important part.

12 What data do we have that could assist  
13 the staff? We have a lot of emissions data. We  
14 have control options. We know things about what  
15 can be done to reduce emissions and what has been  
16 done to reduce emissions. We have air quality  
17 plans. Many of the elements of our existing air  
18 quality plans are for controls on this industry  
19 and those are things that you ought to consider in  
20 projecting into the future.

21 We are just about to get our first  
22 annual compliance reports from the refinery under  
23 Title V and that can provide some current  
24 information about compliance and about emissions  
25 that would be valuable to your staff.

1                   PRESIDING MEMBER COMMISSIONER GEESMAN:

2           And when do you expect to get those?

3                   BAAQMD AIR QUALITY ENGINEERING MANAGER

4           HILL:   They are due to us at the end of this  
5           month, the first one.

6                   PRESIDING MEMBER COMMISSIONER GEESMAN:

7           Okay.

8                   BAAQMD AIR QUALITY ENGINEERING MANAGER

9           HILL:   KB2588 reports, AB2588 was mentioned but we  
10          also have the reports and the risk assessments  
11          that were associated with those, and I'm sure your  
12          staff is already aware of those.

13                   Just in summary, I think the district  
14          really appreciates the work that the Commission is  
15          doing in this area. We would like to support it  
16          and be as actively engaged in providing  
17          information and help as we possibly can. And we  
18          think that this is going to be a valuable tool for  
19          all of us to be using it. We appreciate the  
20          opportunity to come speak to you today.

21                   PRESIDING MEMBER COMMISSIONER GEESMAN:

22          Well, I'm glad you did, Steve, and we do want to  
23          work very closely with the Bay Area District in  
24          both developing the report and trying to think  
25          through ways in which we can improve the

1       permitting process as well as our own reporting  
2       process, so thank you very much for these  
3       statements.

4               BAAQMD AIR QUALITY ENGINEERING MANAGER

5       HILL:   Okay, thanks.

6               ASSOCIATE MEMBER COMMISSIONER BOYD:

7       Steve, by your own admission, there are things  
8       that need to be addressed, and hopefully by your  
9       own observations this morning you've seen how  
10      difficult it is to conduct a dialogue on the  
11      general subject without getting off on tangents,  
12      and we've had a tough time in the last year just  
13      trying to have a dialogue on this subject because  
14      of the emotion that it brings forth and the  
15      misunderstandings of where people are trying to go  
16      tend to dominate.  So I hope this is just another  
17      step forward in continuing a dialogue on trying to  
18      address what we all see as problems that need to  
19      be addressed, not to get on anybody's turf or  
20      diminish anybody's input into solving issues or  
21      certainly take away -- you know, we are predicated  
22      on government at the lowest level and local  
23      government, and we need local government and we  
24      need the voices of the community, but we need it  
25      to be directed in a fairly constructive way.

1 BAAQMD AIR QUALITY ENGINEERING MANAGER

2 HILL: I can't remember who it was, but somebody  
3 mentioned earlier today that pretty much everybody  
4 involved in this issue has a significant  
5 investment in parts of the status quo and would  
6 like to see those stay, and then other parts of  
7 the status quo are things that they would like to  
8 see changed. And depending upon their viewpoint,  
9 which pieces are working and which pieces are not,  
10 there isn't a common sense of what those are.

11 So all of that is to say yes, I agree,  
12 there is a lot of investment in things the way  
13 they are and turf is an important consideration.

14 ASSOCIATE MEMBER COMMISSIONER BOYD:

15 Well, as I like to say, we're still very tribal  
16 and it's really tough to get us out around the  
17 bonfire to talk about progress.

18 PRESIDING MEMBER COMMISSIONER GEESMAN:

19 Thanks, Steve.

20 BAAQMD AIR QUALITY ENGINEERING MANAGER

21 HILL: Thank you.

22 PRESIDING MEMBER COMMISSIONER GEESMAN:

23 Next blue card is Mohsen Nazemi, South Coast Air  
24 Quality Management District.

25 SCAQMD ASST. DEPUTY EXECUTIVE OFFICER

1       NAZEMI: Good morning. My name is Mohsen Nazemi.  
2       I am assistant deputy executive officer with South  
3       Coast Air Quality Management District and I'm in  
4       charge of permitting and enforcement for all  
5       stationary sources. I appreciate the opportunity  
6       to be here in front of you again and, I guess by  
7       the number of times I show up in these workshops  
8       and hearings, you can tell that South Coast is  
9       very interested in participation in this process.  
10      And if you don't mind giving me an office here, I  
11      could probably save the time to travel every time  
12      you have one of these workshops.

13               (Laughter.)

14               PRESIDING MEMBER COMMISSIONER GEESMAN:

15      We should arrange that, Mohsen.

16               SCAQMD ASST. DEPUTY EXECUTIVE OFFICER

17      NAZEMI: I would like to just give you some of my  
18      thoughts here. Similar to the Bay Area, I do not  
19      have a written presentation to provide to you. I  
20      think South Coast has written enough letters to  
21      both of you gentlemen here in terms of the  
22      integrated energy policy report, but certainly we  
23      would like to have a very active role in this  
24      process.

25               What I'd like to do is give you a few of

1 my thoughts and suggestions with respect to the  
2 environmental performance report that staff is  
3 preparing, but also since the issue of permit  
4 streamlining and permitting issues came up, I'll  
5 just give you a couple of highlights on that as  
6 well.

7 First, I want to remind the staff that  
8 South Coast, the reason we're interested is not  
9 just because we have local authority, we don't  
10 want to lose local authority or anything like  
11 that, but it's because we have the largest number  
12 of refining facilities located in Southern  
13 California in the area that our jurisdiction is.  
14 In addition to that, we have more than dozens of  
15 terminals, whether it's the marine terminal or  
16 both terminals, distribution terminals, and  
17 they're generally located in very heavily  
18 populated areas, so there are significant concerns  
19 from our perspective with respect to air emissions  
20 associated with these facilities.

21 And since your staff is also looking at  
22 environmental justice issues, I'd just like to  
23 point out that in some cases the majority of these  
24 are located in low-income colored communities. So  
25 again, that's another reason why we are

1 interested.

2 But on top of that, we have the worst  
3 air quality in the nation, so we'd like to make  
4 sure whatever happens with this process is a part  
5 of the puzzle that solves the air quality problem  
6 in Southern California while we are trying to  
7 address the transportation fuel situation in  
8 California.

9 PRESIDING MEMBER COMMISSIONER GEESMAN:

10 I think that's a good way of putting it.

11 SCAQMD ASST. DEPUTY EXECUTIVE OFFICER

12 NAZEMI: Thank you. And to that effect, I want to  
13 point out that if one of the goals of this process  
14 is for staff to look at the trends, I think the  
15 WSPA representative left but I think they'll agree  
16 with me that if you just look at the trends and  
17 look at pounds of emissions of different  
18 pollutants per barrel of final product, there is  
19 probably a downgoing trend that there are fewer  
20 emissions being put out per barrel of gasoline or  
21 other products that's being produced. However,  
22 that's probably due to somewhat more stringent air  
23 quality regulations that have been put in place  
24 since 1985 in addition to improved efficiencies  
25 that refiners and other petroleum sector have



1 incorporated into their process, so I think there  
2 is credit to be given to both to that extent.

3           However, given that these petroleum  
4 refineries in particular but other types of  
5 petroleum facilities are still significant sources  
6 of emissions, and I think there was a mention  
7 about the clean fuel projects that have gone  
8 through Commissioner Boyd recalls from his  
9 previous time at the Air Resources Board that we  
10 all recognize that there are regional benefits to  
11 production of cleaner fuel, but there was some at  
12 the expense of some increased emissions at local  
13 production facilities; however, the benefit was  
14 greater than the impact at those facilities, and  
15 therefore there was increased effort including  
16 from the state agency and local agency. In fact,  
17 our resource review regulations, for example,  
18 provided exemptions to allow this to happen  
19 because we recognized the benefit of this. But I  
20 think it would be unfair to say that there was no  
21 impact as a result of the increased emissions from  
22 the local facilities.

23           One area where I noted in the staff  
24 presentation and in the material that was  
25 available was to look at the contribution of

1       petroleum sector to air basin emissions, and I  
2       just want to point out that when you look at the  
3       overall basin and then go and look at the  
4       contribution of the stationary sources, you're  
5       probably going to conclude that it's not a huge  
6       percentage of the total emissions, and therefore  
7       it shouldn't be a big problem.

8               But I do want to highlight that, for  
9       example, in South Coast and I'm pretty sure Bay  
10      Area is the same way, that refineries are the  
11      largest stationary sources of certain pollutants;  
12      for example, sulfur oxide emissions. The other  
13      pollutants such as NOx and VOC are probably in the  
14      top ten of stationary source emissions.

15             Now, having said that, that might still  
16      give you the impression that okay, if they're the  
17      largest sources, when we add them up together  
18      we're still going to have a significant source of  
19      emissions. I want to point out that, having said  
20      that, these largest sources, when you look at the  
21      total contribution they're only from a dozen or  
22      more facilities. So not only are they the largest  
23      sources, they are the largest contributors, but  
24      they are from a few facilities.

25             So again, it goes back to how the staff

1 is going to look at the, one of the elements I  
2 heard was as part of the state law you were going  
3 to look at public health impacts. How are you  
4 going to look at it? If you look at it from a  
5 regional point of view, and I know staff does not  
6 want to look at individual facilities' emissions,  
7 I think you may lose that aspect of it. Because  
8 from a regional standpoint you are not going to  
9 see a huge impact.

10 The other thing I want to point out that  
11 was already said today, so I won't dwell on it,  
12 was that petroleum infrastructure is different  
13 than power plants. Power plants, the emissions  
14 are pretty much predictable. You know how much  
15 they're going to be just based on how much they  
16 run the equipment. The controls are relatively  
17 known, whereas with petroleum sector there are  
18 significant accidental releases, malfunctions,  
19 breakdowns, whether they're atmospheric releases  
20 or emergency or routine flaring.

21 In fact, some of the emissions that may  
22 not be even considered in any of the data that you  
23 look at would be acutely hazardous material  
24 releases. Alkylation process, for example, uses  
25 either hydrosulfuric acid or hydrofluoric acid,

1 and hydrofluoric acid is a heavy toxic acutely  
2 hazardous material. But we don't see that as a  
3 regular emission because it doesn't happen on a  
4 routine basis.

5 The other point that I wanted to make  
6 about the availability of the data --

7 PRESIDING MEMBER COMMISSIONER GEESMAN: Okay,  
8 that was where I was going to go, as it related to  
9 what you just said.

10 SCAQMD ASST. DEPUTY EXECUTIVE OFFICER  
11 NAZEMI: Okay. The other point I wanted to make  
12 about the availability of data is you heard that  
13 emissions information should be readily available  
14 and transparent. For example, if you take flaring  
15 which is, again, one of the largest sources of  
16 emissions that occurs at some of the petroleum  
17 facilities, the emission factors that are used for  
18 flaring activity were typically developed many,  
19 many years ago and they are based on pounds of  
20 emissions per barrel of crude process.

21 Now, we all know that refineries don't  
22 have the same process. We know that things have  
23 changed since 20 years ago. So when you look at  
24 this data and you say, well, how reliable is the  
25 data, I would not put a lot of emphasis on the

1 reliability of the data. It's available but the  
2 reliability is in question.

3 And that's why our agency in the last  
4 few years has adopted rules that requires  
5 monitoring and testing and sampling for every  
6 flare event, and we're right in the process of  
7 adopting, developing a new rule that has  
8 requirements for control of flaring emissions. So  
9 I think it's something that is improving but it's  
10 not perfect yet; we still have a lot of missing  
11 information to put that complete picture together.

12 The other difference maybe between power  
13 plant emissions and some of the petroleum  
14 infrastructure emissions are where the emissions  
15 occur. The majority of the emissions or all of  
16 the emissions from a power plant come out of the  
17 stack which is elevated, gets a dilution effect  
18 and the downwind population, although exposed to  
19 it, would have a diluted concentration. When you  
20 have an accidental release, when you have an  
21 atmospheric release at a refinery or at a  
22 petroleum facility, this is all happening at  
23 ground level and with heavily populated areas  
24 surrounding it, there is going to be a much  
25 different impact than a power plant emission.

1           There are also materials such as  
2   hydrogen sulfite, such as mercaptens that have  
3   extremely low odor thresholds. So one of the  
4   things that I'm not sure your staff is going to be  
5   looking at while looking at this environmental  
6   performance report is the potential for nuisance.  
7   You don't need to look very hard to find that one  
8   of the areas where a lot of enforcement activity  
9   has taken place around petroleum infrastructure is  
10   related to nuisances. A nuisance is not something  
11   that you're going to measure with your inventory  
12   data or with monitoring data. These are actual  
13   releases that cause the surrounding population to  
14   be impacted.

15           PRESIDING MEMBER COMMISSIONER GEESMAN:

16   And usually prompts a complaint, right?

17           SCAQMD ASST. DEPUTY EXECUTIVE OFFICER

18   NAZEMI: The way it works, yes. It prompts a  
19   complaint, but there are also other criteria that  
20   defines a nuisance where the local enforcement  
21   authority, generally the police department or  
22   local enforcement agency has to evacuate areas  
23   because of the releases that occur. Those are the  
24   types of nuisances we're talking about.

25           PRESIDING MEMBER COMMISSIONER GEESMAN:

1 But I guess my question on what you characterize  
2 as nuisance releases and also the accidental or  
3 atmospheric releases, there are presumably records  
4 or data which our staff could track to determine  
5 both the magnitude of those types of releases and  
6 a trend; are there not?

7 SCAQMD ASST. DEPUTY EXECUTIVE OFFICER

8 NAZEMI: There are records available on public  
9 nuisances that have been verified and prosecuted.  
10 There are records available on releases that have  
11 not necessarily been identified as a public  
12 nuisance because we didn't have the appropriate  
13 number of people make the complaint, and so on and  
14 so forth. But that data, yes, is available and  
15 can be looked at.

16 PRESIDING MEMBER COMMISSIONER GEESMAN:

17 And historically has it been kept? I mean, would  
18 we be able to gain from a longitudinal standpoint  
19 a long enough series of relatively consistently  
20 kept data to draw conclusions about trends?

21 SCAQMD ASST. DEPUTY EXECUTIVE OFFICER

22 NAZEMI: I'm going to say yes and no, and the  
23 reason I'm saying it this way is not to avoid the  
24 question but if it was reportable releases, the  
25 data is available. But if the release was not

1 reported, then we don't have the data, so it's  
2 hard for us to estimate what was going on.

3 And the way it's reportable, typically  
4 with our agency at least, is if a facility wants  
5 to claim that they had excess emissions in  
6 violation of one of the rules; however, it was due  
7 to a breakdown because they had some type of a  
8 coverage, if they report it within a certain time  
9 frame and report how much it was and so on and so  
10 forth, so that data we have. But releases that  
11 have not been reported or were not the result of  
12 breakdown and therefore they didn't want to get  
13 coverage, they didn't report, we don't have that.

14 And then finally, on the issue of  
15 differences, we all heard that there is some  
16 concern about the availability of fuel supply for  
17 transportation in California, and that's what's  
18 caused the refining industry to try to push harder  
19 and work the facilities to the highest capacity  
20 possible, which is not a problem. That's what  
21 they should do. What is a result of that in some  
22 instances you have seen or we have seen delayed  
23 maintenance. In order to meet the fuel supply for  
24 the summer, they have said, well, normally we  
25 would bring this unit down for a five-year or a



1 three-year or a two-year maintenance at this time,  
2 but we're going to try to stretch it out a little  
3 longer so we don't have a crunch. Now, what that  
4 does is it just increases your probability of  
5 having accidental releases. It doesn't  
6 necessarily mean you will, but it just increases  
7 that.

8 One of the things that was pointed out  
9 this morning I want to also make sure I put in my  
10 comments, and that is to look at not just  
11 emissions associated with the petroleum  
12 infrastructure facilities and pipelines but also  
13 to look at indirect and associated emissions.  
14 Your staff has done an excellent job to look at  
15 where the crude supply is coming from, and we all  
16 know that California crude is diminishing, so  
17 there is going to be crude import, there are going  
18 to be intermediate products that are going to be  
19 imported into California, and we also heard there  
20 are going to be final products such as CARBOB  
21 gasoline that are going to be imported into  
22 California.

23 So the increased import of these types  
24 of material is going to associate with it ship  
25 emissions, truck emissions and other types of

1 transport-related emissions. So I think we want  
2 to make sure that in the analysis that element is  
3 not forgotten and is being kept.

4 In addition to that, I wasn't clear from  
5 the staff's presentation whether by saying you're  
6 going to look at the overall emissions and not  
7 individual facility emissions, you're actually  
8 going to be looking at cumulative emissions  
9 impacts or you're just going to add them up and  
10 say this is this industry sector's contribution.

11 And the reason that is important, again,  
12 is that there are half a dozen very large emitting  
13 facilities that are located in a generally  
14 speaking small area with heavy populations around  
15 them. And to make matters worse, some of the  
16 import activities happen at the ports which by  
17 themselves are the largest sources of emissions in  
18 Southern California. So I think it would be  
19 helpful at least for staff to keep that in mind  
20 when you're looking at the overall emissions from  
21 the petroleum infrastructure.

22 Now I'm going to come back to the  
23 permitting. I understand from communications with  
24 your staff and from reading the material that is  
25 available that you intend to hold Best Permitting

1 Practice workshops. First of all, I want to let  
2 you know that our agency has supported any sort of  
3 permit streamlining activity and our goal is to  
4 make sure that permitting is not the obstacle to  
5 the supply-demand equation. At the same time, we  
6 want to make sure that the air quality and public  
7 health is protected.

8 I think a decade ago our agency was the  
9 first that imposed some new directions in terms of  
10 permit streamlining that ultimately ended up being  
11 part of the state law in terms of how local  
12 districts can streamline permitting. In the last  
13 five years our board has directed a board  
14 committee called Permit Streamlining Task Force to  
15 be formed and after two years of activity we came  
16 up with 35 recommendations that were implemented  
17 into how we can streamline permitting. That task  
18 force exists as of today and next month we're  
19 going to have another meeting, so you are welcome  
20 to participate if you are interested.

21 But having said all of this, I also need  
22 to let the Energy Commission know that our agency  
23 would be strongly opposed to any loss of local  
24 authority in permitting for air quality permits  
25 for petroleum infrastructure; in fact, we have

1       openly opposed legislation that was introduced and  
2       some of the same statements that Commissioner  
3       Geesman made about while some local agencies are  
4       not up to par, we actually feel the same way too,  
5       that taking the permitting for air quality  
6       purposes away from some of the local air pollution  
7       agencies such as South Coast and others around the  
8       state actually will diminish the ability of  
9       addressing air pollution, public health and  
10      environmental justice impacts that would be  
11      associated with these types of facilities.

12               So I respectfully disagree with some of  
13      the statements that were made earlier about local  
14      agencies' dysfunctioning and I also want to maybe  
15      point out that the statements are all directed  
16      towards permitting. And everything that I've  
17      heard to date seemed to deal with CEQA process.  
18      It has nothing to do with permitting. So I would  
19      urge you to take a closer look at that.

20               Again, in closing, I would like to offer  
21      our participation and involvement in this process.  
22      We are not closing the discussion out at all, by  
23      no means. We are here to help, to see how we can  
24      streamline our permitting program. Any  
25      suggestions that can come from the Energy

1 Commission are more than welcome. And if we can  
2 help the Energy Commission in any way to provide  
3 some of our experience in that area, we would be  
4 more than happy to do that.

5 And in closing I would like to request  
6 that if any Best Permitting Practices workshops  
7 are going to be held by your Commission, that they  
8 be held in South Coast area as well so that not  
9 only our agency but the other members of the  
10 public could fully participate in that workshop.

11 PRESIDING MEMBER COMMISSIONER GEESMAN:

12 We'll make certain that happens. I think you do  
13 raise a very good point about what you  
14 characterize as permitting and CEQA. I think that  
15 the discussions that we've held have largely  
16 focused on I think what you would characterize as  
17 administration of the CEQA process. We tend to  
18 use those words with permitting interchangeably,  
19 but I understand that they mean different things  
20 within your district.

21 I also think that if you look at the  
22 transcript of my remarks carefully you'll see  
23 mostly a focus on land use and no mention of the  
24 air quality process. But I think we're probably  
25 closer than you think, Mohsen, and again, I

1 appreciate your contribution today and in the  
2 past, and I certainly look forward to working  
3 closely with the District as this report process  
4 goes forward and as our Best Practices workshops  
5 go forward and there will be some in the South  
6 Coast District.

7 SCAQMD ASST. DEPUTY EXECUTIVE OFFICER

8 NAZEMI: Thank you, and to that end I think our  
9 experience is that many of the project proponents,  
10 especially in the petroleum industry, that want to  
11 either build a new facility or modify an existing  
12 facility come to us and say would you take the  
13 lead agency role, because we want to make sure the  
14 CEQA document is done properly and is not  
15 challenged.

16 And, of course, any time that we can, we  
17 do so.

18 PRESIDING MEMBER COMMISSIONER GEESMAN:

19 I too want to thank you, Mohsen, and this idea of  
20 having an office here is not a bad idea at all,  
21 particularly in light of the fact that a lot of  
22 what you said today just reminds me of the  
23 discussions that Commissioner Geesman and I have  
24 had with staff over developing this whole arena.  
25 And one has been that we don't want staff to

1       reinvent the wheel, etc., etc. And certainly they  
2       have heard from me, I think the Air District has  
3       that information, go get it from them and work  
4       from them, and I think they certainly intend to.

5               And I appreciate the offer of both  
6       districts to do just that. And you have a lot of  
7       data, you can teach us a lot about what it is  
8       we're trying to do and we can help you better  
9       understand the more aggregated approach that we  
10      need to take for this.

11             I want to reflect back on your comments  
12      about yesteryear and clean-burning gasoline and  
13      what have you, and I want to again thank the South  
14      Coast for recognizing the net positive value of  
15      that and stepping up to the plate, unlike others,  
16      and becoming the lead agency and helping guide  
17      that process through. I think you're right in  
18      terms of that is a very helpful thing and you're  
19      well equipped to do it, so it certainly is  
20      remembered and recognized by some of us and  
21      therefore there is a history developing in this  
22      agency to know about that too.

23             So we frankly look forward to working  
24      with you and all of the agencies who are in areas  
25      where there is the petroleum infrastructure that

1 we're looking at in the context of this report.

2 And on that other subject, why, we look forward to

3 working with you as well. And I agree with

4 Commissioner Geesman that it seems to me that

5 most, in fact, all of today's discussion was

6 either land use problems or decisions that have

7 been made that have left all of us problems in the

8 current day or how people look at the CEQA process

9 and deal with it. So that's another area that we

10 obviously need to explore in a different forum.

11 Thank you very much.

12 SCAQMD ASST. DEPUTY EXECUTIVE OFFICER

13 NAZEMI: I appreciate that, and maybe to clarify

14 that and as part of this proceeding that can be

15 highlighted, that the concern is with land use

16 decision, it is not permitting with the local air

17 quality management districts. Thank you.

18 PRESIDING MEMBER COMMISSIONER GEESMAN:

19 Thank you. The next blue card is Erik White with

20 the Air Resources Board.

21 ARB MANAGER WHITE: Good morning,

22 Commissioners. I also don't have any prepared

23 comments this morning. I did want to add, or I

24 did want to certainly offer our support and our

25 commitment to work with staff during the



1 development of this process. We have met with  
2 staff already. We look forward to working with  
3 them and the districts and other stakeholders  
4 throughout the development of this process.

5 Through the discussion today I've heard  
6 a number of topics brought up that I think I can  
7 identify some resources that are already available  
8 and some current efforts that are already underway  
9 at the ARB which I think will provide some  
10 additional information on a number of these.

11 As we heard earlier from Mr. Larson at a  
12 hearing we had back in February of 2001 there was  
13 quite a bit of discussion regarding the impacts of  
14 refineries on local communities. And out of that  
15 hearing there was a directive to staff that they  
16 are to look at what are the impacts of refineries.  
17 And those efforts included a number of projects  
18 that we undertook, including looking at the  
19 relation between refineries and local communities,  
20 looking at the environmental justice impacts of  
21 clean fuels regulations on emissions from  
22 refineries, how have the requirements for the  
23 cleaner burning fuels impacted refinery emissions,  
24 and this was particularly in regards to the phase  
25 two reformulated gasoline program.

1           We also looked at the enforcement  
2 practices of refiners and the number of incidents  
3 that occurred at refineries. Our district is  
4 aggressive enough in their enforcement practices  
5 at these facilities, are they certainly following  
6 up on the complaints of local communities. And so  
7 there are reports out on this and we provided  
8 those to your staff, and I think that provides a  
9 lot of the information that you have expressed  
10 some interest in today that I've heard about.

11           I'd also like to point out that in terms  
12 of environmental justice as a whole and local land  
13 use planning, we have a number of efforts  
14 currently underway at the ARB which look at this.  
15 We conducted several years ago a fairly extensive  
16 study looking at area emissions in the Wilmington  
17 area and we did some local monitoring there to  
18 look at what are the impacts among other sources  
19 of ports, freeways, trucking and refineries on  
20 citizens in those communities. So there is quite  
21 a bit of information available from that effort as  
22 well as a local land use planning document that we  
23 are currently working on and it's my understanding  
24 will be heard before our board in March of 2005  
25 looking at ways land use policy can be, things

1       that should be considered by local land use  
2       planners as they consider land use policy.

3               So I did want to offer those types of  
4       resources that are available so that there is  
5       consistency between, on a statewide level as to  
6       the efforts that are going on in a number of these  
7       issues.

8               PRESIDING MEMBER COMMISSIONER GEESMAN:

9       Is there a staff report that will precede that  
10      March consideration by your board?

11              ARB MANAGER WHITE:   Yes, I believe our  
12      Community Health page, if I'm correct, there is a  
13      draft document there and refineries are one of the  
14      source categories that are included in that  
15      document.

16              PRESIDING MEMBER COMMISSIONER GEESMAN:

17      Okay, and is there intent to finalize that  
18      document before March or is that what will go to  
19      the board?

20              ARB MANAGER WHITE:   I'm going to turn to  
21      the staff and say is that the final?   Okay,  
22      apparently that document, yes.

23              PRESIDING MEMBER COMMISSIONER GEESMAN:

24      Okay, great.

25              ARB MANAGER WHITE:   Thank you.

1 PRESIDING MEMBER COMMISSIONER GEESMAN:

2 Thank you very much, Erik.

3 SENIOR PROJECT MANAGER BUELL: I have no  
4 more blue cards. Is there anyone on our call-in  
5 number that would like to speak? If so, please  
6 identify yourself, spell your last name and  
7 identify your affiliation.

8 (No response.)

9 SENIOR PROJECT MANAGER BUELL: I don't  
10 hear anyone volunteering to speak.

11 I would like to make one announcement.  
12 The Energy Commission is considering a workshop on  
13 Best Practices. We have tentatively set a date of  
14 January the 27th. We have not determined the  
15 location, although I think Southern California is  
16 probably the most logical place to have it,  
17 although Bay Area would also be, but I have one  
18 date so it's kind of hard to be in two places at  
19 one time. Again, we will probably go down with a  
20 call-in number for those in Northern California.

21 The objective of the workshop, as  
22 indicated, would be to discuss best practices. At  
23 our last workshop on the petroleum constraints  
24 OII, that's an Order Instituting Informational  
25 proceeding, we heard a lot from local agencies and

1       there are some good examples that I'd like for us  
2       to discuss and hear more detail from the agencies  
3       on where they've have successes, to identify where  
4       they've had problems and also for industry to come  
5       and identify specifically where they've had  
6       problems so we can begin a dialogue and start  
7       discussing solutions to the problem rather than  
8       just the nature of the problem.

9               So that's the objective. We'll be  
10       working on a workshop notice. It should be out in  
11       theory at least three weeks prior to the workshop.  
12       So if you are on our distribution list, you'll get  
13       a copy of that notice.

14               PRESIDING MEMBER COMMISSIONER GEESMAN:

15       Would anybody else care to address us today?

16               (No response.)

17               PRESIDING MEMBER COMMISSIONER GEESMAN:

18       Very well. We'll be adjourned. Thank you very  
19       much.

20               (Thereupon, the workshop was  
21       adjourned at 11:18 a.m.)

22               --oOo--

23               \*\*\*\*\*

24               \*\*\*\*\*

25               \*\*\*\*\*

## CERTIFICATE OF REPORTER

I, PETER PETTY, an Electronic Reporter,  
do hereby certify that I am a disinterested person  
herein; that I recorded the foregoing California  
Energy Commission Workshop; that it was thereafter  
transcribed into typewriting.

I further certify that I am not of  
counsel or attorney for any of the parties to said  
workshop, nor in any way interested in outcome of  
said workshop.

IN WITNESS WHEREOF, I have hereunto set  
my hand this 17th day of December, 2004.

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